



DRAFT ANNUAL BUDGET OF

# **King Cetshwayo District Municipality**

2017/18 TO 2019/20

DRAFT MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS

MARCH 2017

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## Abbreviations and Acronyms

AMR	Automated Meter Reading		Programme
ASGISA	Accelerated and Shared Growth Initiative	MIG	Municipal Infrastructure Grant
BPC	Budget Planning Committee	MM	Municipal Manager
CBD	Central Business District	MMC	Member of Mayoral Committee
CFO	Chief Financial Officer	MPRA	Municipal Properties Rates Act
CPI	Consumer Price Index	MSA	Municipal Systems Act
CRRF	Capital Replacement Reserve Fund	MTEF	Medium-term Expenditure Framework
DBSA	Development Bank of South Africa	MTREF	Medium-term Revenue and Expenditure Framework
DoRA	Division of Revenue Act	MWIG	Municipal Water Infrastructure Grant
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GFS	Government Financial Statistics	PMS	Performance Management System
GRAP	General Recognised Accounting Practice	PPE	Property Plant and Equipment
HR	Human Resources	PPP	Public Private Partnership
HSRC	Human Science Research Council	PTIS	Public Transport Infrastructure System
IDP	Integrated Development Strategy	RBIG	Regional Bulk Infrastructure Grant
IT	Information Technology	RG	Restructuring Grant
k	kilolitre	RSC	Regional Services Council
km	kilometre	SALGA	South African Local Government Association
KPA	Key Performance Area	SAPS	South African Police Service
KPI	Key Performance Indicator	SDBIP	Service Delivery Budget Implementation Plan
kWh	kilowatt litre	SMME	Small Micro and Medium Enterprises
LED	Local Economic Development		
MEC	Member of the Executive Committee		
MFMA	Municipal Financial Management Act		

## Part 1 – Annual Budget

### 1.1 Mayor's Report

*The Mayors report will be included once the Honourable Mayor has presented her 2017/2018 final budget Speech before Council on Wednesday, 25 May 2017.*

### 1.2 Council Resolutions

On 25 May 2017 the Council of King Cetshwayo District Municipality met in the Council Chambers of King Cetshwayo House to consider the final consolidated annual budget of the municipality for the financial year 2017/18. The Council approved and adopted the following resolutions:

1.2.1 The Council of King Cetshwayo District Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

1.2.1.1 The final consolidated annual budget of the municipality and its entity for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables:

- 1.2.1.1 (a) Consolidated Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2 on page 39;
- 1.2.1.1 (b) Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3 on page 41;
- 1.2.1.1 (c) Consolidated Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4 on page 42; and
- 1.2.1.1 (d) Consolidated Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5 on page 45.

1.2.1.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

- 1.2.1.2 (a) Consolidated Budgeted Financial Position as contained in Table A6 on page 47;
- 1.2.1.2 (b) Consolidated Budgeted Cash Flows as contained in Table A7 on page 49;
- 1.2.1.2 (c) Consolidated Cash backed reserves and accumulated surplus reconciliation as contained in Table A8 on page 50;
- 1.2.1.2 (d) Consolidated Asset management as contained in Table A9 on page 51; and
- 1.2.1.2 (e) Basic service delivery measurement as contained in Table A10 on Page 53.

1.2.2 The Council of King Cetshwayo District Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2017:

1.2.2.1 the tariffs for the supply of water, sanitation, solid waste, cemetery and other miscellaneous fees– as set out on page 11 of the Annexure.

### 1.3 Executive Summary – King Cetshwayo District Municipality

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's core business and service delivery priorities were again reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on non-core items. This has resulted in estimated expenditure of nearly R117 million for the 2017/18 financial year being reduced. Key areas where savings were realized was on staff costs due to reprioritisation of vacancies and limiting of overtime budget, as well as a reduction in the budget for the following expenditure types being printing and stationery, subsistence and travel, accommodation and catering. Furthermore, it be noted that that budget for overtime has been aligned to the Council's overtime policy where only employees earning below the threshold as determined by the Minister of labour as well as employees deemed to be performing essential and emergency work are catered for.

The Municipality has over the years embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people led government. Added to this is the rollout of smart prepaid meters in some of our local municipalities where King Cetshwayo is a water services provider.

Various National Treasury's MFMA Circulars were used to guide the compilation of the 2017/18 MTREF, with special emphasis on Circulars 85 and 86.

The main challenges experienced during the compilation of the 2017/18 MTREF can be summarised as follows:

- The on going difficulties in the national and global economy;
- The depreciation of the exchange rate and its effect on the economic growth and the job opportunities;
- Aging and poorly maintained water and waste water infrastructure;
- The devastating effect of the drought that has persisted in the province and the King Cetshwayo district in particular which have necessitated the provision of water through water tankers which is a very expensive way of providing water;
- The backlogs, unavailability of water sources and severe drought that has affected the District in recent months and.
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;

- The increased cost of water treatment and reticulation which is placing upward pressure on service tariffs to residents. It be noted that King Cetshwayo's internally funded capital in terms of the draft budget accounts for 4% of the total capital budget, most of the capital budget is grant funded mainly through MIG, RBIG and WSIG which is for backlog eradication and bulk pipeline infrastructure layout. Furthermore, it must be noted that the depreciation is now being partially cash backed which will assist in increasing own Capital spend going forward.
- The district is predominantly rural and households are sparsely located thereby making billing and credit control an expensive exercise.
- The cost to operate and maintain newly rolled out projects when collection does not break even when compared to associated costs like chemicals and electricity and in some instances tariffs of water boards and other neighbouring WSA's.

The following budget principles and guidelines directly informed the compilation of the 2017/18 MTREF:

- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs; the King Cetshwayo District municipality has not attained that yet, but we intend to put together a strategy to move towards cost reflective tariffs with minimal impact on the consumer.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- An in-depth analysis was done for the following items and allocations to these items had to be supported by a motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
  - New positions, except those that are of critical importance;
  - Overtime limited to 2% of remuneration only for employees qualifying for such;
  - Furniture and office equipment;
  - Catering;
  - Conferences;
  - Ad-hoc travelling; and
  - Delegations.

In view of the aforementioned, the following table is an overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework:

**Table 1 Overview of the 2017/18 MTREF**

2017/2018 Multi Year Budget Summary - Draft							
	2017/2018 Budget	2017/2018 Draft Budget	Change Amount	Change %	2018/2019 Budget	2019/2020 Budget	Total for MTREF
<b>Revenue by Source</b>							
- Grants & subsidies	472,887,000	378,628,196	-94,258,804	-19.93%	365,856,000	382,488,000	1,126,972,196
- Equitable Share	216,688,000	211,987,000	-4,701,000	-2.17%	248,628,769	267,256,588	727,872,357
- Levy Replacement Grant	247,769,000	222,667,804	-25,101,196	-10.13%	228,911,231	249,707,412	701,286,448
<b>Total Government Grant &amp; Subsidies</b>	<b>937,344,000</b>	<b>813,283,000</b>	<b>-124,061,000</b>	<b>-13.24%</b>	<b>843,396,000</b>	<b>899,452,000</b>	<b>2,556,131,000</b>
- Sundry Income	874,231	7,367,300	6,493,069	742.72%	923,684	976,105	9,267,069
- Interest Income	38,143,623	38,143,623	-	0.00%	44,617,974	47,295,052	130,056,649
<b>Total Other Income</b>	<b>39,017,853</b>	<b>45,510,922</b>	<b>6,493,069</b>	<b>16.64%</b>	<b>45,541,658</b>	<b>48,271,158</b>	<b>139,323,738</b>
Trading Services	88,518,395	85,623,593	-2,894,801	-3.27%	92,086,273	99,069,241	276,779,108
Borrowings - New Loan - Landfill Site	45,000,000	-	-45,000,000	0.00%	46,389,747	-	46,389,747
Acc DPN Reserve - Capex Funding	-	17,859,428	17,859,428	0.00%	20,971,666	17,256,690	56,087,774
Surplus Brought Forward (2016/2017) - VAT on Grants	26,480,548	36,480,548	10,000,000	0.00%	40,570,880	35,628,811	112,680,239
<b>Total Revenue</b>	<b>1,136,360,796</b>	<b>998,757,491</b>	<b>(137,603,304)</b>	<b>-12.11%</b>	<b>1,088,956,214</b>	<b>1,099,677,900</b>	<b>3,187,391,605</b>
<b>Expenditure</b>							
Non-trading services	208,394,542	219,914,923	11,520,381	5.53%	230,578,967	243,535,823	694,029,713
Trading Services	376,463,544	398,421,886	21,958,342	5.84%	423,190,415	449,749,242	1,271,361,543
Operational IDP	109,325,296	122,708,924	13,383,628	12.24%	137,823,067	139,564,147	400,096,137
Capital IDP & Internal Fixed Assets	506,445,158	335,301,835	-171,143,323	-33.79%	379,609,247	354,008,900	1,068,919,982
<b>Total Expenditure</b>	<b>1,200,618,541</b>	<b>1,076,347,569</b>	<b>-124,270,972</b>	<b>-10.35%</b>	<b>1,171,201,696</b>	<b>1,186,858,111</b>	<b>3,434,407,376</b>
LESS : DEPRECIATION NOT CASH BACKED	64,257,745	77,590,077	13,332,333	20.75%	82,245,482	87,180,211	247,015,770
<b>TOTAL EXPENDITURE EXCL. DEPN</b>	<b>1,136,360,796</b>	<b>998,757,491</b>	<b>-137,603,305</b>	<b>-12.11%</b>	<b>1,088,956,214</b>	<b>1,099,677,900</b>	<b>3,187,391,606</b>
<b>BUDGET SHORTFALL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

It can be noted from the above table that the total revenue budget for the District for 2017/18 financial year is R998m, whereas the total expenditure is expected to be R1.076b. The amount of R78m relates to a depreciation provision which is currently not cash backed, to be noted that the total depreciation for the ensuing financial year is estimated at R86m.

Total operational expenditure, trading and non – trading services including operational IDP projects amounts to R618m for 2017/18 increasing to R654m in 2018/19 and R692m in 2019/20 financial years.

The total capital budget for the 2017/18 financial year is R335m, increasing slightly to R380m and decreasing to R354m in two outer years of the MTREF.

The detailed grant allocations from National Treasury, per the Division of Revenue Bill, 2017 was made available from the 22<sup>nd</sup> February 2017 on National Treasury's website. Furthermore, Provincial allocations have not been gazette and are expected to be announced in the next few days. To this end the projects allocations as published in the 2016 gazette have been used. An amount of R400,000 for Development Planning Shared Services grants, has been included in the 2017/18 budget.

The following table depicts the grant allocations as contained in the 2017 Division of Revenue Bill in comparison to the projections of the 2016 Division of Revenue Act grant allocation;



**Table 2 Overview of the 2017/18 grants allocation for the MTREF**

TOTAL ALLOCATIONS PER DORB 2017		DORB 2016	DORB 2017			DORB 2017 MEDIUM TERM FORECAST	
Name of Grant	Responsible Dept	Budget 17/18 Forecast	Budget 17/18 Gazetted	Variance	% Change	Budget 18/19 Gazetted	Budget 19/20 Forecast
Equitable Share	Finance	216 688 000	211 987 000	-4 701 000	-2%	228 425 000	245 881 000
Levy Replacement Grant	Finance	247 769 000	241 743 000	-6 026 000	-2%	249 115 000	271 083 000
Municipal Systems Improvement Grant (In-Kind)	Finance	1 637 000	1 637 000	-	0%		1 000 000
Local Finance Management Grant	Finance	1 250 000	1 250 000	-	0%	1 000 000	1 260 000
Municipal Infrastructure Grant	Technical	177 966 000	173 938 000	-4 028 000	-2%	184 410 000	195 462 000
Water Services Infrastructure Grant	Technical	115 500 000	110 000 000	-5 500 000	-5%	73 000 000	93 000 000
Rural Transport Services & Infrastructure	Technical	2 532 000	2 523 000	-9 000	0%	2 616 000	2 766 000
EPWP Incentive Grant	Technical	-	5 032 000	5 032 000	#DIV/0!	-	-
Regional Bulk Infrastructure Grant	Technical	173 602 000	66 410 000	-107 192 000	-62%	104 830 000	90 000 000
<b>Total Gazetted Grants</b>		<b>936 944 000</b>	<b>814 520 000</b>	<b>(122 424 000)</b>		<b>843 396 000</b>	<b>900 452 000</b>

The Equitable Share allocation has seen a decrease of R4, 7m when compared to the 2016/17 projections as Gazette in the 2016 Division of Revenue Act.

The Levy Replacement Grant decreased by R6.02m from the 2016 projections with an estimated growth of R7m, (3%) and R22m, (9%) over the two outer years of the MTREF respectively.

The Municipal Systems Improvement Grant (Grant-In-Kind) has remain unchanged at R1,6m, with no allocation for 2018/19 and R1m in 2019/20.

The Municipal Infrastructure Grant has been allocated at R174m, a decrease of R4m when compared with the 2016 projections, it is expected that this grant will increase to R184m in the 2018/19 financial year and thereafter to R195m in 2019/20.

An amount of R66m has been allocated for the Regional Bulk Infrastructure Grant (RBIG), this translates to a decrease of R107m when compared to the DORA 2016 projections. The two outer years have been allocated R105m and R90m respectively.

The Water Services Infrastructure Grant (WSIG) has an allocation of R110m for the 2017/18 financial year with a decrease of R5.5m when compared with the 2016 projections, it is expected that this grant will decrease to R73m in the 2018/19 financial year and thereafter slightly increase to R93m in 2019/20.

Other grants that have been allocated to the district are;

- Finance Management Grant, R1.25m
- Rural Transport Services and Infrastructure grant, R2.523m
- Planning Shared Services Grant (Provincial), R0.4m
- EPWP, R5.032m

The total operating expenditure (excluding operating IDP projects) for the 2017/18 financial year has been appropriated at R618m. It is expected that operational expenditure will grow by an average of 5.9% in the 2018/19 budget and by 5.8% in the 2019/20 financial year.

The operational IDP projects budget for 2017/18 have increased by 12% compared to the 2016/17 MTREF projections, in 2018/19 there is an increase of not less than 11 percent and then a minimal increase of 2% in the 2019/20 financial year.

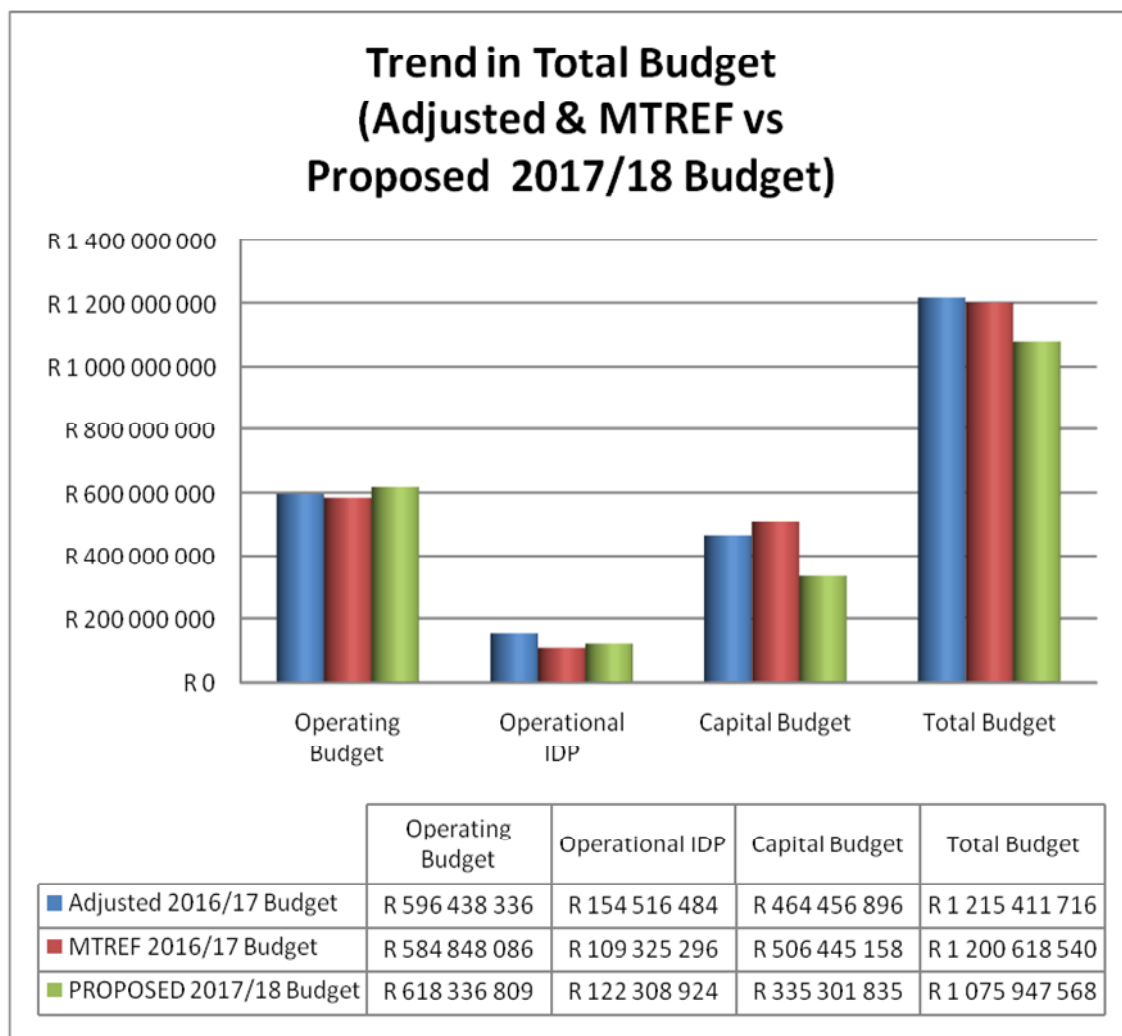
The capital budget of R335m for 2017/18 is 35% less when compared to the 2016/17 projections. The reduction is due to reduction of the grant allocations for infrastructure, mainly the RBIG which has been reduced by R107m compared to the indicative amounts per the 2016 DORA. The capital programme increases to R380m in the 2018/19 financial year and then further decreases to R354m in the 2019/2020 financial year, which translates to a total capital budget of R1.069b over the medium term.

Included in the 2018/19 capital budget is an amount of R46m which is required for the construction of cell 3 of the landfill site. It is anticipated that this funding will be raised through borrowings, although other alternate funding options are currently being investigated, such as Public Private Partnership (PPP). An amount of R3.25m for feasibility and design of cell 3 has been included in the 2017/18 budget and has been funded from the accumulated reserves.

To be noted that a substantial portion of the capital budget will be funded from the MIG, WSIG and the Regional Bulk Infrastructure Grant over MTREF, which has been gazetted for the 2017/18 financial year. The grant is aimed at accelerating the delivery of clean water to communities that do not have access to basic water services. The grant provides funding for municipalities to plan and implement various projects; including the construction of new infrastructure and the refurbishment and extension of existing water schemes, as well as interventions aimed at mitigating the effect of the drought in affected areas.

Capital grants will contribute 89% of capital expenditure for the 2017/18, 98% for 2018/19, and 98% for the 2019/20 financial year.

The figure below graphically depicts the split of the final budget for 2017/18 between Operational and Capital vs the 2016/17 Adjusted budget and the 2017/18 budget approved as part of the multi year budget in May 2016.



**Figure 1 Operating & Capital Budget for the 2017/18 financial year**

## 1.4 Operating Revenue Framework

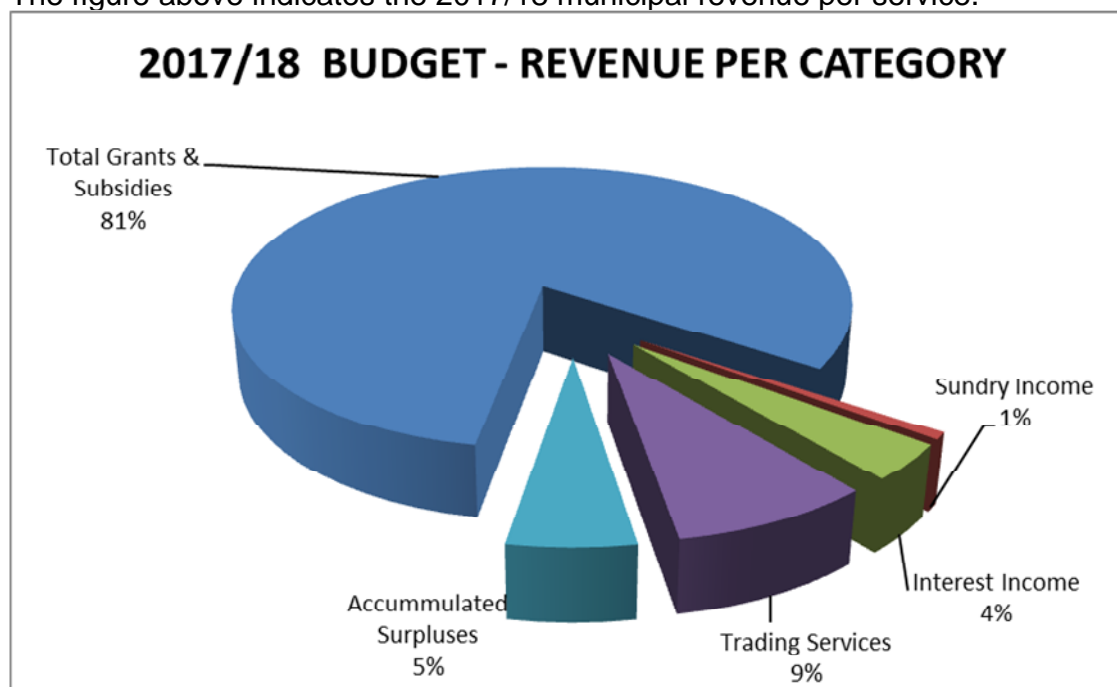
For King Cetshwayo District Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty, coupled with the global economic crisis. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and expected economic development;
- Efficient revenue management, which aims to ensure a 82 per cent annual collection rate for Water, Sanitation and Solid Waste service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- The rollout of prepaid water meters (smart meters) to all indigent consumers and new water projects;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service, while taking into account the affordability levels of the consumers;
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and Incentive policies and rendering of free basic services; and
- Tariff policies of the Municipality.

**Figure 2 Revenue per Classification for the 2017/18 financial year**

The figure above indicates the 2017/18 municipal revenue per service.



The above graph depicts the municipality's reliance on grants and subsidies making up 81% of the revenue source. Trading Services is the second at only 9%, interest income 4%, sundry income 1% and accumulated surpluses 5%.

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

**Table 3 Summary of revenue classified by main revenue source**

DC28 King Cetshwayo District - Table A4 Budgeted Financial Performance (revenue and expenditure)							
Description	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework				
R thousand	Adjusted Budget	%	Budget Year 2017/18	%	Budget Year +1 2018/19	%	Budget Year +2 2019/20
<b>Revenue By Source</b>							
Service charges - water revenue	39,633	6%	52,492	8%	55,641	7%	58,980
Service charges - sanitation revenue	6,178	1%	7,815	1%	8,597	1%	9,456
Service charges - refuse revenue	19,964	3%	25,093	4%	27,602	4%	30,362
Service charges - other	389	0%	224	0%	246	0%	270
Rental of facilities and equipment	50	0%	50	0%	50	0%	50
Interest earned - external investments	41,697	6%	37,834	5%	44,308	6%	46,966
Interest earned - outstanding debtors	2,010	0%	310	0%	310	0%	329
Transfers recognised - operational	471,852	67%	513,625	73%	515,477	68%	550,863
Other revenue	122,232	17%	61,657	9%	108,806	14%	53,812
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>704,005</b>	<b>100%</b>	<b>699,099</b>	<b>100%</b>	<b>761,037</b>	<b>100%</b>	<b>751,089</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, Gazette 32141, issued 17 April 2009, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from service charges forms a minimal percentage of the internally generated funds of the Municipality, that being the interest on investments and service charges. The Interest on external investments has been increased by 5 percent when compared with the 2016/17 Adjustments Budget, this is due to the higher repo rate as currently approved by the reserve bank. A notable trend is the increase in the total percentage revenue generated from water services charges which increases from R52m in 2017/18 to R58m by 2019/20. The water sales contribution to the total service charges revenue is 61% for 2017/18, and 64% for 2018/19 and the 2019/20 financial years. The above table excludes revenue foregone arising from rebates associated with the tariff policies of the Municipality.

Solid Waste is the second largest revenue source with R25 million rand expected for the 2017/18 financial year and is expected to increase to R30 million by 2019/20. Another source of revenue is 'other revenue' which consists of various items such as income received from issuing of tender documents, map production and miscellaneous fees. The municipality will review the tariffs of these items on an annual basis to ensure we steadily move to a point where these are cost reflective and market related.

Operating grants and transfers totals R473 million in the 2017/18, R499 million in the 2017/18 financial year and further increasing to R540 million in 2018/19. Note that the year-on-year growth for the 2017/18 financial year is 6% and increasing by 8% by 2019/20 financial year.

Tariff-setting is a very important and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality. The proposed tariffs were discussed at length in the Budget Steering Committee meeting and a consensus was reached to increase the tariffs in such a way that it will have a minimal impact on the citizens of the district, mostly the vulnerable being the poor. To counter the effect of drought and as a deterrent to water wastage, tariffs for the higher domestic users have been increased while consumers who use 6kl or below per month will not be charged.

National Treasury, in its MFMA Circulars 85 and 86 issued in December 2016 and March 2017 respectively, continues to encourage municipalities to keep increases in tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6.1 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment which will in turn result in a huge debtors book.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions, over and above being cross subsidised by the equitable share. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

#### **1.4.1 Sale of Water and Impact of Tariff Increases**

The water Tariffs have been increased on average by 6% for the lower band of consumers as a result of increases in the cost of chemicals and maintenance of the ageing infrastructure in some areas, as well as the bulk cost from Eskom and other major suppliers. It must be noted that consideration has been given to National Treasury's objective of tariffs being cost reflective, however Council has considered the plight of poor residents in the tariff determination process and have thus agreed on an increase which though higher than National Treasury's guideline also attempts to attain cost reflective tariffs over the long term. The free basic water of 6kl is still applicable in the coming financial year only to domestic consumers who consume less than 6kl of water per month.

The roll out of prepaid meters commenced in the 2013/2014 financial year and the impact thereof is expected to materialise from the 2017/2018 financial year, wherein we would envisage the gradual reduction in arrear debts. However cognisance must be drawn to the possibility that consumers who have prepaid systems may start exercising water conservation mechanisms and thus reduce their demand for potable water which may affect the revenue generated. The cost of providing the water function in the 2017/2018 budget year amounts to R368m and revenue generated is a mere R52m therefore R316m is cross subsidised from both the equitable share and the levy replacement grant.

The proposed tariffs for households (residential) and non-residential consumers are detailed on Annexure C of the medium term budget report.

In taking cognisance of the country wide shortage of fresh water supplies the municipality have for the first time in the 2015/2016 financial year, introduced an additional tariff step, aimed at discouraging excessive water consumption through a high tariff. Furthermore it was noted that despite continuous communiqué during period of drought, many residents fail to heed Councils call for water reduction, therefore it was considered prudent to introduce as from 2015/2016 a tariff applicable during drought conditions, which is considerably higher than the normal rates.

#### **1.4.2 Sanitation and Impact of Tariff Increases**

As a result of all local municipalities having to comply with the Municipal Property Rates Act, Act 6 of 2004, it is now possible to calculate the sanitation tariffs for the district based on the new valuation rolls from these municipalities. The valuation rolls per KZ has been completed and the district has utilised these in the calculation of the sanitation tariffs, hence the implementation of the new sanitation tariffs commenced in the 2010/11 financial year. Subsequent to the adoption of valuation rolls in the 2010/2011 financial year, a further valuation roll was published by the Local Municipalities effective from 01 July 2012. The tariff increase for 2017/2018 has been determined at 10%.

Domestic Sewer tariffs have been revised to R0,00615c per rand value of the property. The minimum and maximum charge will be R 56.11 and R 218.85 per month respectively.

Business sewer has also been revised to R0.00615c per rand value of the business property. The minimum and maximum charge is R 145.89 and R 1,428.99 per month respectively.

A detailed listing of applicable sanitation tariffs is contained on Annexure C of the medium term budget report.

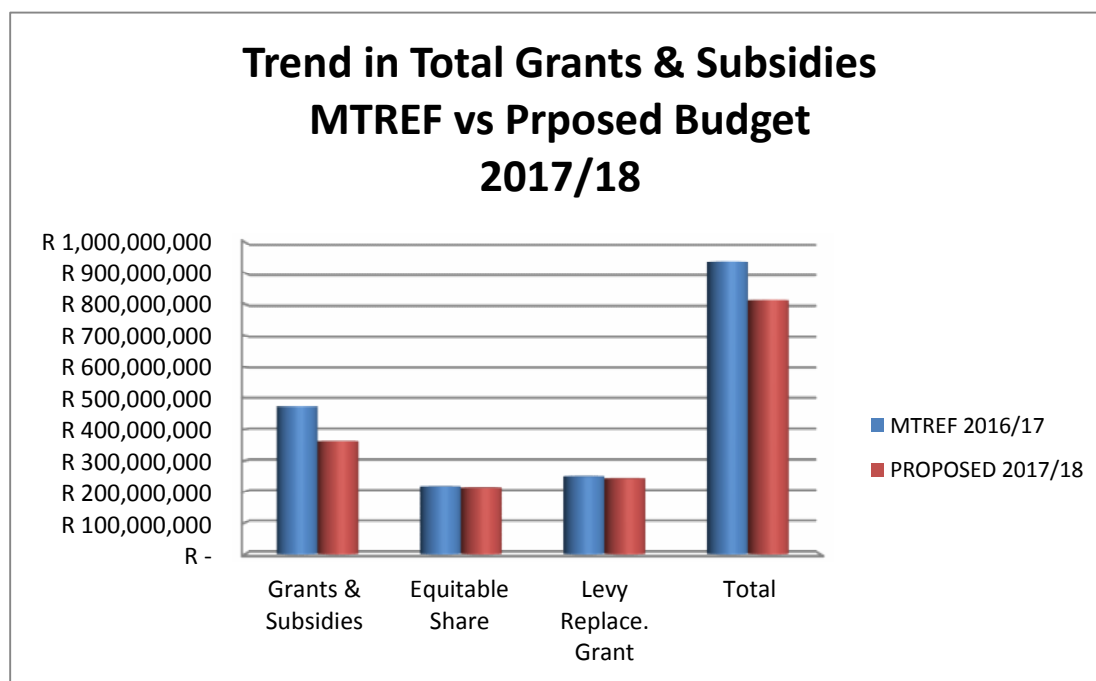
#### 1.4.3 Regional Solid Waste – Landfill Site

The average increase in the tariff for the 2017/2018 year is 20%. Following the feasibility studies performed, Council needs to increase its solid waste tariffs above inflationary levels for several years, for the site to become financially viable. It must be further noted that cost reduction initiatives must be implemented as the current high cost of maintaining the site cannot be continuously be passed on to our consumers.

#### **Figure 3 Grant Revenue for the Draft Budget 2017/18 vs MTREF Budget 2016/17**

The above graph pictorially depicts the municipality's dependency on grants equating to a total of R813m for the 2017/18 financial year compared to R937m for the 2016/17 MTREF budget.





### 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- The Operations and Maintenance costs of the District's 284 water schemes.
- Balanced budget constraints (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the Water Services Development Plan and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

**Table 4 Summary of operating expenditure by standard classification item**

DC28 King Cetshwayo - Table A4 Budgeted Financial Performance (revenue and expenditure)									
Description	2012/13	2013/14	2015/15	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Expenditure By Type</b>									
Employee related costs	111,559	132,210	152,435	190,458	182,254	182,254	232,136	245,832	260,090
Remuneration of councillors	8,814	9,395	10,095	11,411	11,411	11,411	12,153	12,870	13,617
Debt impairment	4,330	10,260	7,872	3,834	12,522	12,522	3,615	3,828	4,050
Depreciation & asset impairment	48,971	48,915	50,756	64,000	76,061	76,061	86,211	91,384	96,867
Finance charges	13,637	12,672	11,252	17,447	17,447	17,447	6,432	8,097	10,169
Bulk purchases	32,471	39,224	49,535	48,010	50,939	50,939	52,800	55,668	58,382
Other materials			102	491		417	9,417	9,568	10,536
Contracted services	82,515	90,364	92,406	103,238	111,295	111,295	170,500	167,768	178,665
Transfers and grants	12,233	7,181	30,110	5,000	9,779	9,779	6,850	4,800	5,200
Other expenditure	203,369	282,124	317,097	225,595	278,830	278,830	160,932	191,778	195,273
Loss on disposal of PPE	193	836	646						
<b>Total Expenditure</b>	<b>518,092</b>	<b>633,181</b>	<b>722,305</b>	<b>669,484</b>	<b>750,955</b>	<b>750,955</b>	<b>741,046</b>	<b>791,592</b>	<b>832,849</b>

The budgeted allocation for employee related costs for the 2017/18 financial year totals R232m. The total employee related cost budget, excluding Councillors remuneration equals 31 per cent of the total operating expenditure. The annual increase in salaries is 7.36% in line with the 2015 salary and wage agreement entered into between SALGA, the employer body, and the organized labour. The budget for councillors allowances has also been increased by 7.36%. As part of the Municipality's cost reprioritization new and vacant positions were thoroughly analyzed and only critical vacancies within the Municipality were accommodated. In addition expenditure against overtime has been significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions and limited to only 2% of the remuneration. Overtime for Senior managers and employees exceeding a remuneration threshold as determined by the Minister of Labour from time to time has not been budgeted for. Furthermore, medical aid budget was not provided for employees who are currently not on medical aid, this will be revised during the mid year review. Should any employees join during the first six months, a provision will then be made in the February 2017 adjustment budget. This will assist to free up funds which end up being tied up in the medical aid budget and not being used most of the time.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget. The total budget for Councillors' allowances for the 2017/18 financial year is R11.4m. An estimated increase of 6% has been applied for the Councillors remuneration.

The provision for debt impairment was determined based on an annual collection rate of between 90 and 95 per cent and the Credit and Debt Collection Policy of the Municipality. For the 2017/18 financial year this amount equates to R3.8 million and escalates to R4.3 million by 2018/19. While this expenditure is considered to be a non-cash flow item, it informs the total cost associated with rendering the services of the municipality, the municipality's realistically anticipated revenues and the depreciation also has to be cash backed.

Provision for depreciation and asset impairment has been informed by the Municipality's Property, Plant & Equipment Policy. Depreciation is considered to be a rate at which the asset is being consumed. Budget provisions in this regard total R86 million for the 2017/18 financial year and equates to 10 per cent of the total operating expenditure. To be noted that the implementation of GRAP 17 accounting standard has meant bringing a number of assets previously not included in the assets register onto the register. This exercise was done for the 2010/2011 financial year and has resulted in a significant increase in depreciation in relation to prior years. To be noted that the accumulated depreciation for the municipality amounts to R329m as per 2014/15 Annual Financial Statements. However, R8.6m of the 2017/18 financial year's depreciation is cash backed to provide for the Capital Reserve and this will continue over the medium term provided the municipality's revenues do not change.

Finance charges consist primarily of the repayment of interest on long-term loans as well as the uThungulu finance Partnership. These charges make up 3 per cent (R18 million) of the total operating expenditure for 2017/18. This expenditure item is expected to increase by 2017/18 due to the proposed loan of R45m which will be used to fund the construction of cell 3 of the landfill site. The uThungulu Finance Partnership is expected to come to an end in June 2017. To be noted that the municipality annually appoints a reputable credit rating agency to determine the creditworthiness and the financial health of the municipality.

Bulk purchases are directly informed by the purchase of bulk water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The budget for bulk purchases in 2017/18 amounts to R48m.

Contracted services consists mainly of the SSA contract, which amounts to R68.2m, and is currently outsourced to WSSA. To be noted that as part of the tender specifications, WSSA also undertakes repairs and maintenance of the water schemes in the King Cetshwayo District, the total budget for this tender is budgeted for at R123m for the 2017/18 financial year.

This function was outsourced after a thorough investigation as required by section 78 of the Municipal Systems Act. The current tender was awarded during the 2013/14 financial year and has been extended until the end of 2016/17. A new section 78 report is has been tabled before Council and council will soon and this will then determine a way forward in so far as the SSA contract is concerned.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 6 per cent for 2017/18 – 2019/2020 MTREF. To be noted that included in other expenditure is Operational IDP projects amounting to R122m.

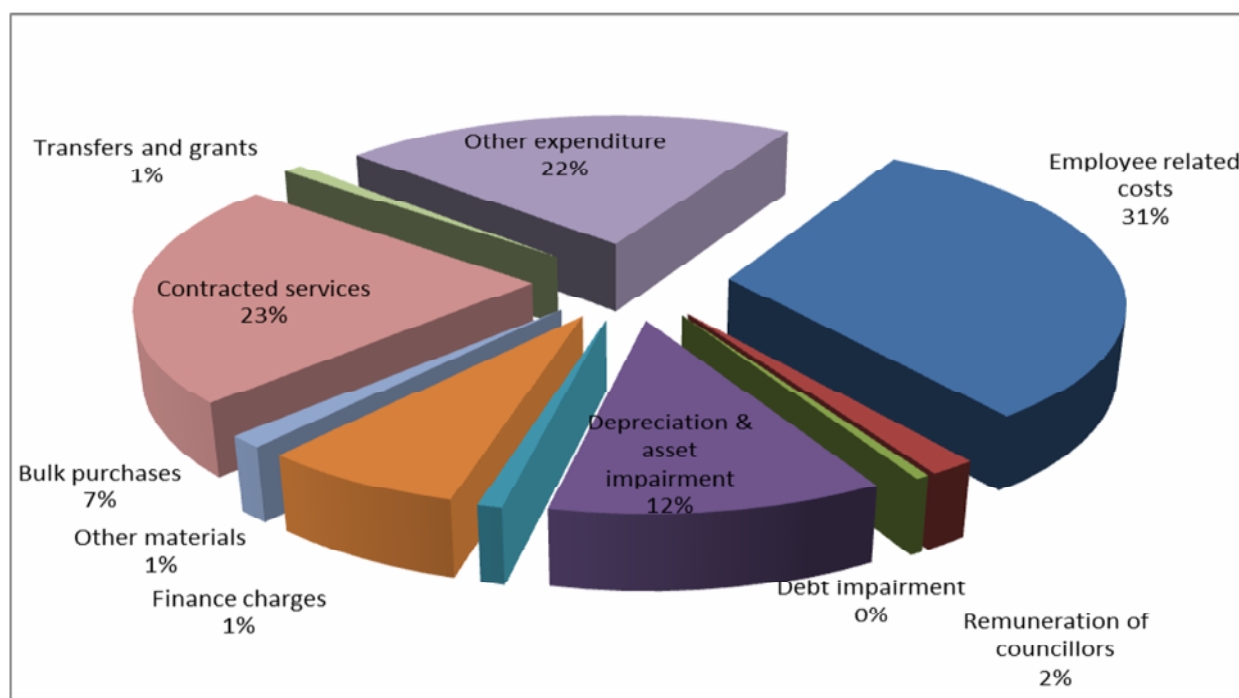
The following table gives a breakdown of the main expenditure categories for the 2017/18 financial year.

#### **Figure 4 Main Operational Expenditure Categories for the 2017/18 financial year**

##### **1.5.1 Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2017/18 budget and MTREF provide for extensive growth in the area of asset maintenance.

During the compilation of the 2017/18 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. Repairs and maintenance has been budgeted for at R67 million for the 2017/18 financial year. In relation to the total operating expenditure, repairs and maintenance contributes 9% of the total operating expenditure for the 2017/18 financial year.



### 1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. Detail relating to free services, cost of free basic services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement) on page 53.

The cost of the social package of the registered indigent households is largely financed by National government through the local government equitable share received in terms of the annual Division of Revenue Act.

**Figure 5 Operational Expenditure by Vote (Incl. IDP Projects) for the 2017/18 financial year.**

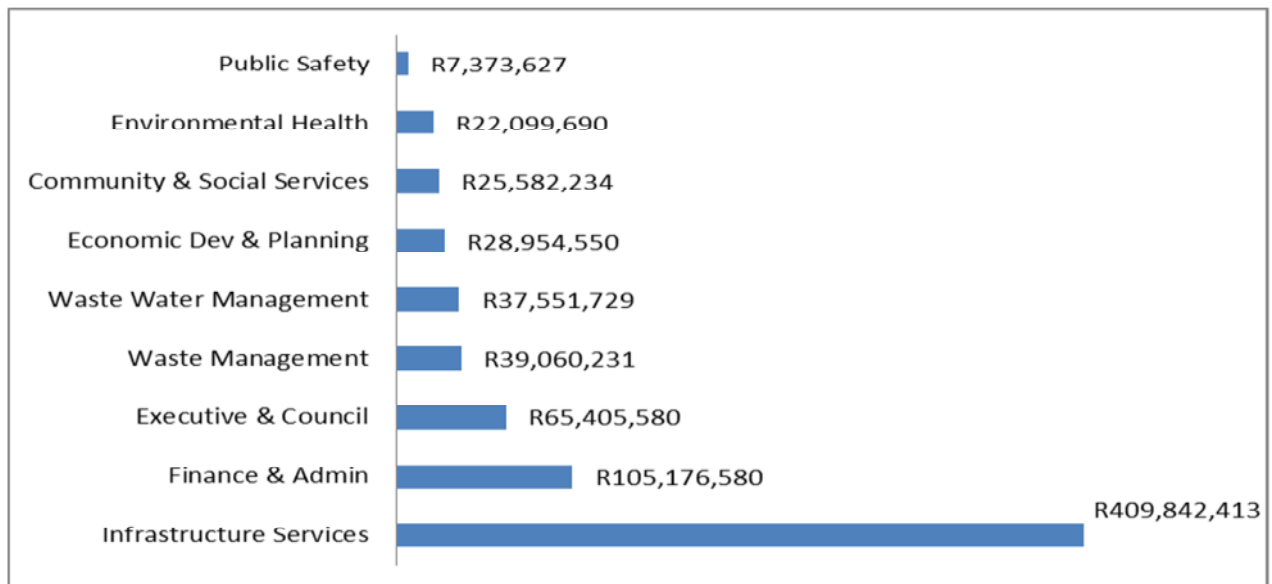




Table 5: - Detailed listing of the Operational IDP Projects for the medium Term

<b>OPERATIONAL PROJECTS</b>						
<b>PROJECT NAME</b>	<b>PROJECT DESCRIPTION</b>	<b>FUNDING SOURCE</b>	<b>DEPARTMENT</b>	<b>BUDGET 2017/2018</b>	<b>BUDGET 2018/2019</b>	<b>BUDGET 2019/2020</b>
Asset Care Centre	Update of Fixed Asset Register	Internal	Asset Management	284,628	250,000	250,000
Insurance Claims	Operational Shortfall for insurance claims	Internal	Asset Management	200,000	300,000	300,000
			<b>Asset Management Total</b>	<b>484,628</b>	<b>550,000</b>	<b>550,000</b>
Rural Transport Services & Infrastructure	Rural Transport Services & Infrastructure	RRAMS	Auxillary Infrastructure	2,523,000	2,616,000	2,766,000
			<b>Auxillary Infrastructure Total</b>	<b>2,523,000</b>	<b>2,616,000</b>	<b>2,766,000</b>
Matric Achievers	Matric Achievers	Internal	Board General Expenses	150,000	150,000	150,000
Implementation of Section 81 - Amakhosi	Implementation of Section 81 - Amakhosi	Internal	Board General Expenses	250,000	200,000	200,000
Crèche Donation	Crèche Donation	Internal	Board General Expenses	50,000	50,000	50,000
Meeting with Religious Leaders	Meeting with Religious Leaders	Internal	Board General Expenses	25,000	25,000	25,000
Captain of Industries	Captain of Industries	Internal	Board General Expenses	25,000	25,000	25,000
Operation Mbo	Operation Mbo	Internal	Board General Expenses	100,000	100,000	100,000
International Women's Day	International Women's Day	Internal	Board General Expenses	40,000	40,000	40,000
Mandela Day	Mandela Day	Internal	Board General	35,000	35,000	35,000



			Expenses			
Albinism Awareness Month	Albinism Awareness Month	Internal	Board General Expenses	20,000	20,000	20,000
Back to School Campaign	Back to School Campaign	Internal	Board General Expenses	30,000	30,000	30,000
Anti- substance abuse	Anti- substance abuse	Internal	Board General Expenses	30,000	30,000	30,000
Transnet Career Guidance	Transnet Career Guidance	Internal	Board General Expenses	25,000	25,000	25,000
King Cetshwayo Lecture	King Cetshwayo Lecture	Internal	Board General Expenses	30,000	30,000	30,000
Christmas Party for the Kids	Christmas Party for the Kids	Internal	Board General Expenses	30,000	30,000	30,000
Mpukade Agrivillage - Deputy	Commodities: Crops, Vegetables, Vermi-culture and Aquaculture in a 230ha Land	Internal	Board General Expenses	50,000	50,000	50,000
CAREER/SKILLS DEVELOPMENT	CAREER/SKILLS DEVELOPMENT	Internal	Board General Expenses	50,000	50,000	50,000
King Cetshwayo Grave Cleaning	King Cetshwayo Grave Cleaning	Internal	Board General Expenses	50,000	50,000	50,000
Thulani Mashaba's Sport Challenge	Thulani Mashaba's Sport Challenge	Internal	Board General Expenses	150,000	150,000	150,000
Zulu Dance, Maskandi & Gauteng KDCM Citizensr	Zulu Dance, Maskandi & Gauteng KDCM Citizensr	Internal	Board General Expenses	50,000	50,000	50,000
			<b>Board General Expenses Total</b>	<b>1,190,000</b>	<b>1,140,000</b>	<b>1,140,000</b>
Automation of Budget Process	Financial Dash Board Reporting	Internal	Budget Section	100,000	-	-
mSCOA	Implementation of mSCOA	Internal	Budget Section	R1,000,000	500,000	300,000
			<b>Budget Section Total</b>	<b>1,100,000</b>	<b>500,000</b>	<b>300,000</b>
Develop/Implement Air	Develop/Implement Air Quality	Internal	Community	250,000	-	-

Quality Management Plan	Management Plan		Services			
			<b>Air Quality Total</b>	<b>250,000</b>	<b>-</b>	<b>-</b>
Tertiary Registration	Provide registration grants to assist needy students to register at tertiary institutions.	Internal	Community Services	180,000	200,000	200,000
School Uniforms	Provide school uniforms to reduce the number of school dropouts due to poverty.	Internal	Community Services	110,000	100,000	10,000
HIV/AIDS	Support the implementation of programmes, monitor and facilitate the functioning of uThungulu Aids Council.	Internal	Community Services	600,000	400,000	500,000
Operation Sukuma Sakhe	Socio economic profiling of households	Internal	Community Services	300,000	150,000	150,000
Crime Prevention	Conduct Crime Prevention Campaigns	Internal	Community Services	150,000	100,000	100,000
Programs for the Marginalised	Gender Equality: Promote Gender Equality and Empowerment	Internal	Community Services	200,000	150,000	150,000
Programs for the Marginalised	Children's Rights Programmes	Internal	Community Services	250,000	150,000	150,000
Programs for the Marginalised	Youth : Implement Youth Development Programmes	Internal	Community Services	800,000	600,000	600,000
Programs for the Marginalised	Women Empowerment Programmes	Internal	Community Services	300,000	150,000	150,000
Programs for the Marginalised	Disability: Implement the District Disability Plan	Internal	Community Services	345,000	400,000	400,000

Programs for the Marginalised	Senior Citizens : Create an enabling and supportive environment for Senior Citizens	Internal	Community Services	320,000	250,000	300,000
Culture, Arts & Heritage	Culture, Arts and Heritage: Co-ordinate Arts and Culture Programmes	Internal	Community Services	1,000,000	800,000	1,000,000
Sport Development	District Elimination Games	Internal	Community Services	550,000	400,000	400,000
Sport Development	District Golden Games	Internal	Community Services	165,375	150,000	150,000
Sport Development	Mayoral Cup	Internal	Community Services	500,000	400,000	400,000
Sport Development	District Marathon	Internal	Community Services	600,000	500,000	500,000
Sport Development	Sport Development	Internal	Community Services	2,000,000	1,000,000	1,000,000
Sport Development	SALGA GAMES	Internal	Community Services	2,800,000	3,000,000	3,000,000
			<b>Community Services Total</b>	<b>11,170,375</b>	<b>8,900,000</b>	<b>9,160,000</b>
Enterprise Risk Management	Enterprise Risk Management	Internal	Legal Services	250,000	300,000	350,000
Fraud & Corruption Prevention	Fraud & Corruption Prevention	Internal	Legal Services	80,000	100,000	120,000
			<b>Legal Services Total</b>	<b>330,000</b>	<b>400,000</b>	<b>470,000</b>
Clean Audit 2014 and Beyond - Systems Support	Water Meter Audit of all households within District ensuring that all metered connection are accounted for	Internal	Consumer Billing	350,000	350,000	350,000

	and billed accordingly.					
Revenue Izimbizo	Revenue Izimbizo		Consumer Billing	150,000		
			<b>Consumer Billing Total</b>	<b>500,000</b>	<b>350,000</b>	<b>350,000</b>
International Day for Disaster Risk reduction	International Day for Disaster Risk reduction	Internal	Disaster Management	100,000	120,000	120,000
Disaster Risk Reduction Programme	Disaster Risk Reduction Programme	Internal	Disaster Management	150,000	200,000	200,000
Temporary Shelter	Fire Fighting services	Internal	Disaster Management	150,000	-	-
Activation of Disaster Management Volunteers	Activation of Disaster Management Volunteers	Internal	Disaster Management	200,000	250,000	250,000
Disaster Stock Items	Disaster Stock Items	Internal	Disaster Management	250,000	300,000	300,000
Temporary Shelter	Temporary Shelter	Internal	Disaster Management	350,000	300,000	300,000
			<b>Disaster Management Total</b>	<b>1,200,000</b>	<b>1,170,000</b>	<b>1,170,000</b>
Agriculture	Agripark Implementation	Internal	Economic Development	250,000	250,000	437,500
Agriculture	Forestry Dependant livelyhood - Sokhulu	Internal	Economic Development	400,000	400,000	600,000
Agriculture	Forestry Dependant livelyhood - Port Dunford	Internal	Economic Development	400,000	400,000	600,000
Agriculture	Forestry Dependant livelyhood - Nkandla	Internal	Economic Development	400,000	400,000	600,000

Agriculture	Hydroponics for Permaculture & Vermaculture	Internal	Economic Development	425,000	300,000	425,000
Agriculture	Farmer Support & Development	Internal	Economic Development	600,000	400,000	500,000
Tourism Job Creation	Entrepreneurship Expo	Internal	Economic Development	250,000	200,000	350,000
Tourism Job Creation	Craft Marketing	Internal	Economic Development	270,000	200,000	270,000
Economic Development	Economic Symposium	Internal	Economic Development	250,000	200,000	350,000
Tourism Job Creation	TNPA Port Festival	Internal	Economic Development	400,000	350,000	510,000
Tourism Marketing	Cruise Ship	Internal	Economic Development	40,000	40,000	40,000
Tourism Marketing	Tourism Marketing Shows	Internal	Economic Development	437,000	437,000	437,000
Tourism Marketing	The King's Experience	Internal	Economic Development	1,000,000	800,000	120,000
Tourism Marketing	Back to School - Last Dance	Internal	Economic Development	1,000,000	850,000	850,000
Tourism Marketing	Liberation Heritage Route	Internal	Economic Development	300,000	385,000	385,000
Led Job Creation	LED Support and Implementation	Internal	Economic Development	382,500	382,500	382,500
Led Job Creation	Artisan Development	Internal	Economic Development	850,000	800,000	1,200,000
Led Job Creation	Black Industrialists Programme	Internal	Economic Development	400,000	460,000	460,000
Led Job Creation	Green Economy Projects	Internal	Economic Development	250,000	300,000	350,000

SMME Support & DevelOpment	SMME Support & DevelOpment	Internal	Economic Development	250,000	300,000	350,000
Annual Summit	Annual Summits	Internal	Economic Development	350,000	350,000	400,000
			<b>Economic DevelOpment Total</b>	<b>8,904,500</b>	<b>8,204,500</b>	<b>9,617,000</b>
Long term financial plan	Long term financial plan	Internal	Executive Division - Finance	600,000		
			<b>Executive Division - Finance Total</b>	<b>600,000</b>	<b>-</b>	<b>-</b>
Occupational Health & Safety	Implementation of Occupational Health & Safety Act	Internal	HR	100,000	120,000	150,000
Employee Assistance Programme	Implementation of Employee Assistance Programme	Internal	HR	530,000	600,000	600,000
Labour Relations	Expenses related to labour related matters	Internal	HR	100,000	100,000	100,000
Community Social Initiative		Internal	HR	60,000	70,000	80,000
TASK Job Evaluation	TASK Job Evaluation Implementation	Internal	HR	1,000,000	500,000	500,000
			<b>HR Total</b>	<b>1,790,000</b>	<b>1,390,000</b>	<b>1,430,000</b>
PMS	Systems Implementation of PMS	Internal	PMS	400,000	200,000	300,000
			<b>Performance Management Total</b>	<b>400,000</b>	<b>200,000</b>	<b>300,000</b>

Clean Audit 2014 and Beyond - Systems Support	Outsource GRAP Compliance and Governance	Internal	Management Accounts	150,334	180,000	200,000
Clean Audit 2014 and Beyond - AFS and Consolidations	Outsource GRAP Compliance and Governance	Internal	Management Accounts	250,000	260,000	270,000
Acturial Valuations	Outsourcing for GRAP Compliance	Internal	Management Accounts	65,000	75,000	75,000
Credit Rating	To obtain credit rating for compliance and governance	Internal	Management Accounts	170,000	180,000	190,000
			<b>Management Accounts Total</b>	<b>635,334</b>	<b>695,000</b>	<b>735,000</b>
Special Events	Events	Internal	MM's Department	400,000	500,000	600,000
PR Marketing	Marketing + Billboards	Internal	MM's Department	300,000	300,000	350,000
Web-site DevelOpment	Marketing and Information of UDM	Internal	MM's Department	50,000	60,000	60,000
State of the District Address	Hosting of SODA	Internal	MM's Department	450,000	500,000	600,000
DevelOpment and alignment of district IDP's	IDP Roadshows	Internal	MM's Department	1,300,000	1,400,000	1,500,000
DevelOpment and alignment of district IDP's	IDP Roadshows	Internal	MM's Department	1,300,000	1,400,000	1,500,000
			<b>MM's Department Total</b>	<b>3,800,000</b>	<b>4,160,000</b>	<b>4,610,000</b>
Health Awareness	Health Awareness	Internal	Municipal Health	450,000	350,000	550,000
Clean Up Campaign	Clean Up Campaign	Internal	Municipal Health	100,000		
			<b>Municipal</b>	<b>550,000</b>	<b>350,000</b>	<b>550,000</b>

			<b>Health Total</b>			
Coastal Management Programme	Support 1 Coastal programme	Internal	Planning & Environmental	297,500	150,000	297,500
SPLUMA Implementation	Operation of district JMPT's	Internal	Planning & Environmental	400,000	350,000	552,500
Annual IDP Review	Development and alignment of district IDP's	Internal	Planning & Environmental	125,000	100,000	125,000
Environmental Management Framework	Environmental Management Framework	Internal	Planning & Environmental	1,000,000	400,000	-
Sector Plans	District Integrated Transport Plan & LM Assistance	Internal	Planning & Environmental	200,000	200,000	257,200
			<b>Planning &amp; Environmental Total</b>	<b>2,022,500</b>	<b>1,200,000</b>	<b>1,232,200</b>
Mig Projects Advertisements	Mig Projects Advertisements	MIG	PMU	100,000	100,000	100,000
			<b>PMU Total</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
Review of SCM Processes & Data Cleansing	SCM Procurement Indaba	Internal	SCM	250,000	120,000	150,000
SCM Policy/Procurement Alignment	SCM Policy/Procurement Alignment	Internal	SCM	-	350,000	400,000
			<b>SCM Total</b>	<b>250,000</b>	<b>470,000</b>	<b>550,000</b>
Construction of VIP Sanitation	Mbonambi (281-5) VIP Sanitation Project Phase 5	MIG	Waste Water	9,393,000	-	-
National Sanitation Week	National Sanitation Week	Internal	Waste Water	250,000	200,000	250,000
Construction of VIP Sanitation	Umlalazi (284- 9&10) VIP Sanitation Project Phase 9 & 10	WSIG	Waste Water	4,500,000	5,000,000	-



Construction of VIP Sanitation	Umlalazi (284-10) - VIP Sanitation Project Phase 10	MIG	Waste Water	20,000,000	20,000,000	20,000,000
			<b>Waste Water Total</b>	<b>34,143,000</b>	<b>25,450,000</b>	<b>20,250,000</b>
GIS Operational Budget	GIS Operational Budget	Internal	WSA	75,000	50,000	85,000
GIS Development & Training	GIS Development & Training	Internal	WSA	30,000	30,000	50,000
Water / Sanitation Awareness Campaigns	Water Services Awareness Campaigns	Internal	WSA	120,000	100,000	120,000
National Arbor Week	National Arbor Week	Internal	WSA	100,000	100,000	120,000
National Water Week	National Water Week	Internal	WSA	100,000	100,000	120,000
Water Events	Water Events	Internal	WSA	100,000	100,000	120,000
Water loss management strategy - Implementation	Water loss management strategy - Implementation	Internal	WUE	400,000	400,000	600,000
DWAF Water Resource Compliance	DWAF Water Resource Compliance	Internal	WSA	400,000	400,000	600,000
Annual Update of WSDP	Annual Update of WSDP	Internal	WSA	1,000,000	400,000	600,000
Water Treatment Works & Waste Water TW Registration	Water Treatment Works	Internal	WSA	250,000	250,000	300,000
Water Treatment Works & Waste Water TW Registration	Waste Water TW Registration	Internal	WSA	250,000	250,000	300,000
Desludging of Weir	Desludging of Weir	Internal	WSA	600,000	-	-
Implementation of Section 78 Assessment	Implementation of Section 78 Assessment	Internal	WSA	500,000	400,000	600,000
Raw Water Abstraction Fee	Raw Water Abstraction Fee	Internal	WSA	800,000	600,000	120,000
Asset Management	Asset Management	Internal	WSA	250,000	250,000	350,000
			<b>WSA Total</b>	<b>4,975,000</b>	<b>3,430,000</b>	<b>4,085,000</b>
Drought	Drought Relief (water carting)	Internal	WSP	34,140,587	38,791,711	37,791,711
Survival Water Borehole	Survival Water Borehole	Internal	WSP	500,000	500,000	600,000
			<b>WSP Total</b>	<b>34,640,587</b>	<b>73,727,567</b>	<b>76,918,947</b>
WC/WDM Awareness Campaigns	WC/WDM Awareness Campaigns	Internal	WUE	100,000	90,000	110,000

Mains and Reticulation leak detection surveys and repairs	Mains and Reticulation leak detection surveys and repairs	Internal	WUE	300,000	250,000	300,000
Top 100 consumer investigation and meter change out	No Drop Compliance	Internal	WUE	300,000	250,000	300,000
Allowance for reservoir outlet meter repair/replacement/installation	No Drop Compliance	Internal	WUE	200,000	250,000	300,000
Development of Water loss related policies, i.e real loss reduction and apparent loss policies	Development of Water loss related policies, i.e real loss reduction and apparent loss policies	Internal	WUE	100,000	250,000	300,000
Development and Implementation of Operations and Maintenance Plans, Asset Management Plans and Rehabilitation Plans	Development and Implementation of Operations and Maintenance Plans, Asset Management Plans and Rehabilitation Plans	Internal	WUE	200,000	250,000	300,000
GIS reference and check, GPS all properties and gather data regarding meter, level of service (both water and sanitation)	GIS reference and check, GPS all properties and gather data regarding meter, level of service (both water and sanitation)	Internal	WUE	300,000	250,000	300,000
			<b>WUE Total</b>	<b>9,500,000</b>	<b>1,590,000</b>	<b>1,910,000</b>
Blue DrOp Rating	Water Services Authority bluedrOp rating	Internal	Process	200,000	180,000	200,000
Green Drop Rating	Cleaning/Desludging of ponds at all wastewater treatment plants	Internal	Process	600,000	100,000	100,000

Green DrOp Rating	Refurbishment of ponds	Internal	Process	400,000	400,000	500,000
Blue/Green Drop compliance	Blue/Green Drop compliance	Internal	Process	75,000	100,000	100,000
Green DrOp Rating	Green DrOp Compliance	Internal	Process	125,000	150,000	170,000
Green DrOp Rating	Green DrOp rating	Internal	Process	125,000	150,000	150,000
Blue Drop Compliance	Compliance testing	Internal	Process	125,000	150,000	150,000
			<b>Process Total</b>	<b>1,650,000</b>	<b>1,230,000</b>	<b>1,370,000</b>
			<b>Grand Total</b>	<b>122,708,924</b>	<b>137,823,067</b>	<b>139,564,147</b>

## 1.6 Capital expenditure

The following table and figure provides a breakdown of budgeted capital expenditure by vote:

<b>DC28 King Cetshwayo - Table A5 Budgeted Financial Performance (revenue and expenditure)</b>						
Description	2017/18 Medium Term Revenue & Expenditure Framework					
	Budget Year 2017/18	%	Budget Year +1 2018/19	%	Budget Year +2 2019/20	%
<b>Capital Expenditure per Vote</b>						
Executive & Council	450	0%	100	0%	100	0%
Finance & Administration	10,724	3%	1,750	0%	1,870	1%
Environmental Health	350	0%	300	0%	300	0%
Community & Social	450	0%	–	0%	–	0%
Public Safety	–	0%	–	0%	–	0%
Planning & Economic Development	100	0%	100	0%	100	0%
Waste Management	3,550	1%	46,390	12%	–	0%
Waste Water Management	50	0%	–	0%	–	0%
Water Distribution	319,628	95%	330,970	87%	351,639	99%
<b>Total Capital Budget</b>	<b>335,302</b>	<b>100%</b>	<b>379,609</b>	<b>100%</b>	<b>354,009</b>	<b>100%</b>

### Capital Expenditure by Vote for the 2017/18 financial year.

For 2017/18 an amount of R319 million has been appropriated for the development of water infrastructure which represents 95 per cent of the total capital budget, decreasing to 87% in 2018/19 and again increasing to 99% in the 2019/20 financial year. Infrastructure gets the biggest share of the capital budget followed by Finance and Administration at R10.7m for the 2017/18 financial year, included in this amount is a budget allocated to the implementation of the Municipal Standard Chart of Accounts (mSCOA) which comes into effect from 1 July 2017.

Included in the 2017/18 capital budget is an amount of R46m which is required for the construction of cell 3 of the landfill site. It is anticipated that this funding will be raised through borrowings, although other alternate funding options are currently being investigated, such as Public Private Partnership (PPP). An amount of R3.5m for feasibility and design of cell 3 has been included in the 2017/18 budget and has been funded from the accumulated reserves.

**Table 6: - Detailed listing of the Capital Projects for the Medium Term**

<b><u>CAPITAL PROJECTS</u></b>						
<b>PROJECT NAME</b>	<b>PROJECT DESCRIPTION</b>	<b>FUNDIN G SOURCE</b>	<b>DEPARTMENT</b>	<b>BUDGET 2017/2018</b>	<b>BUDGET 2018/2019</b>	<b>BUDGET 2019/2020</b>
Insurance Claims (Capital)	Shortfall for insurance claims	Internal	Asset Management	400 000	450 000	450 000
			<b>Asset Management Total</b>	<b>400 000</b>	<b>450 000</b>	<b>450 000</b>
Internal Assests	Office equipment	Internal	Admin Services	100 000	-	-
			<b>Admin Services Total</b>	<b>100 000</b>	<b>-</b>	<b>-</b>
INTERNAL MOVABLE ASSETS	Internal Moveable Assets	Internal	Board General Expenses	100 000	100 000	100 000
			<b>Board General Expenses Total</b>	<b>100 000</b>	<b>100 000</b>	<b>100 000</b>
mSCOA	Implementation	Internal	Budget Section	6 000 000	500 000	500 000
Dash Board Software	Financial Dash Board Reporting	Internal	Budget Section	600 000		
			<b>Budget Section Total</b>	<b>6 600 000</b>	<b>500 000</b>	<b>500 000</b>
Establishment of Air Quality Monitoring Network	Establishment of Air Quality Monitoring Network	Internal	Air Quality	50 000	-	-
Implementation of Air Quality Management Plan	Development and Update of Emission Inventory System	Internal	Air Quality	150 000	150 000	150 000
Implementation of Air Quality Management Plan	Development and alignment of AEL system with national	Internal	Air Quality	150 000	150 000	150 000
			<b>Air Quality Total</b>	<b>350 000</b>	<b>300 000</b>	<b>300 000</b>
Software	Early warning detection	Internal	Disaster	450 000	-	-

			Management			
			<b>Disaster Management Total</b>	<b>450 000</b>	-	-
Internal Assests	Office equipment	Internal	Economic Development	50 000	50 000	50 000
			<b>Economic Development Total</b>	<b>50 000</b>	<b>50 000</b>	<b>50 000</b>
Automated Contract Management System	Software	Internal	Legal Services	250 000		
			<b>Legal Services Total</b>	<b>250 000</b>	-	-
Internal Movable Assets	Redesign Finance offices to open office plan and purchasing of assets for new staff	Internal	Finance Executive	1 000 000	-	-
			<b>Finance Executive Total</b>	<b>1 000 000</b>	-	-
Internal Movable Assets	Office equipment	Internal	Executive Technical	70 000	-	-
			<b>Executive Technical Total</b>	<b>70 000</b>	-	-
Internal Movable Assets	ESS - IT Kiosk	Internal	HR	100 000	-	-
			<b>HR Total</b>	<b>100 000</b>	-	-
Document Management System	Internal	Internal	IT	70 000	75 000	75 000
Collaboration System Software	Workflow DevelOpment	Internal	IT	70 000	75 000	75 000
Network Refresh	Computer and network components	Internal	IT	100 000	100 000	120 000

IT Equipment Stock		Internal	IT	100 000	-	-
Implementation of BCP	Business Continuity Plan	Internal	IT	795 458	-	-
ERM System	DevelOpment: Management Information	Internal	IT	350 000	400 000	500 000
PABX System	Telephony Instruments	Internal	IT	70 000	75 000	75 000
DRP System	Back up hardware	Internal	IT	70 000	75 000	75 000
Paperless Delegate System		Internal	IT	498 277	-	-
Internal Movable Assets	Office equipment	Internal	IT	50 000	-	-
Biometric Security System		Internal	IT	400 000	-	-
			<b>IT Total</b>	<b>2 573 735</b>	<b>800 000</b>	<b>920 000</b>
Bulk Water Supply	KwahlokoSSA 1	RBIG	MII	29 866 258	46 500 000	52 090 000
Bulk Water Supply	Greater Mthonjaneni SSA 2	RBIG	MII	-	25 330 000	14 910 000
Bulk Water Supply	Eshowe SSA 1	RBIG	MII	24 543 742	33 000 000	23 000 000
Bulk Water Supply	Middledrift SSA5	RBIG	MII	2 000 000	-	-
Bulk Water Supply	Greater Mthonjaneni SSA5	RBIG	MII	10 000 000	-	-
Bulk water Infrastructure Maintenance	Nkandla bulk upgrade(increase capacity and replacement of slow sand filters	Internal	MII	2 000 000	-	-
Bulk water Infrastructure Maintenance	Eshowe upgrade(increase capacity and replace all slow sand filters)	Internal	MII	4 000 000	-	-
Bulk water Infrastructure Maintenance	Melmoth water works refurbishment and upgrade	Internal	MII	4 000 000	-	-
Bulk water Infrastructure Maintenance	Gingindlovu refurbishment and slow sand filter replacement	Internal	MII	2 000 000	-	-
Bulk water Infrastructure Maintenance	Nkandla pumpstation upgrades	Internal	MII	2 000 000	-	-

Bulk water Infrastructure Maintenance	Install bulk flow meters	Internal	MII	1 000 000	-	-
Bulk water Infrastructure Maintenance	Eshowe Sewer Upgrade	WSIG	MII	250 000	1 000 000	2 000 000
Bulk water Infrastructure Maintenance	Melmoth Sewer Upgrade	WSIG	MII	250 000	1 000 000	3 000 000
Bulk water Infrastructure Maintenance	Tanker Reduction Strategy (WSIG)	WSIG	MII	15 000 000	28 000 000	48 000 000
Bulk water Infrastructure Maintenance	WC/WDM Strategy Implementation	WSIG	MII	35 000 000	38 000 000	40 000 000
Bulk water Infrastructure Maintenance	KDS and Eshowe Water Supply	WSIG	MII	3 000 000	-	-
Reticulation Water Supply	Gingindlovu Waste Water Treatment Plant	WSIG	MII	14 000 000	-	-
Reticulation Water Supply	Nkandla Waste Water Treatment Plant	WSIG	MII	10 000 000	-	-
Reticulation Water Supply	Nkandla Weir	WSIG	MII	5 000 000	-	-
Reticulation Water Supply	Smart Meter Installation	WSIG	MII	15 000 000	-	-
Reticulation Water Supply	Kwahlukohloko SSA 1	MIG	MII	11 737 852	20 000 000	10 000 000
Reticulation Water Supply	Eshowe SSA 1	MIG	MII	250 000	15 500 000	32 000 000
Reticulation Water Supply	Greater Mthonjaneni SSA 2	MIG	MII	19 750 000	19 334 616	10 000 000
Reticulation Water Supply	Middledrift Phase 2	MIG	MII	15 703 100	15 000 000	10 000 000
Reticulation Water	Middledrift SSA3	MIG	MII	250 000	20 000 000	23 676 038

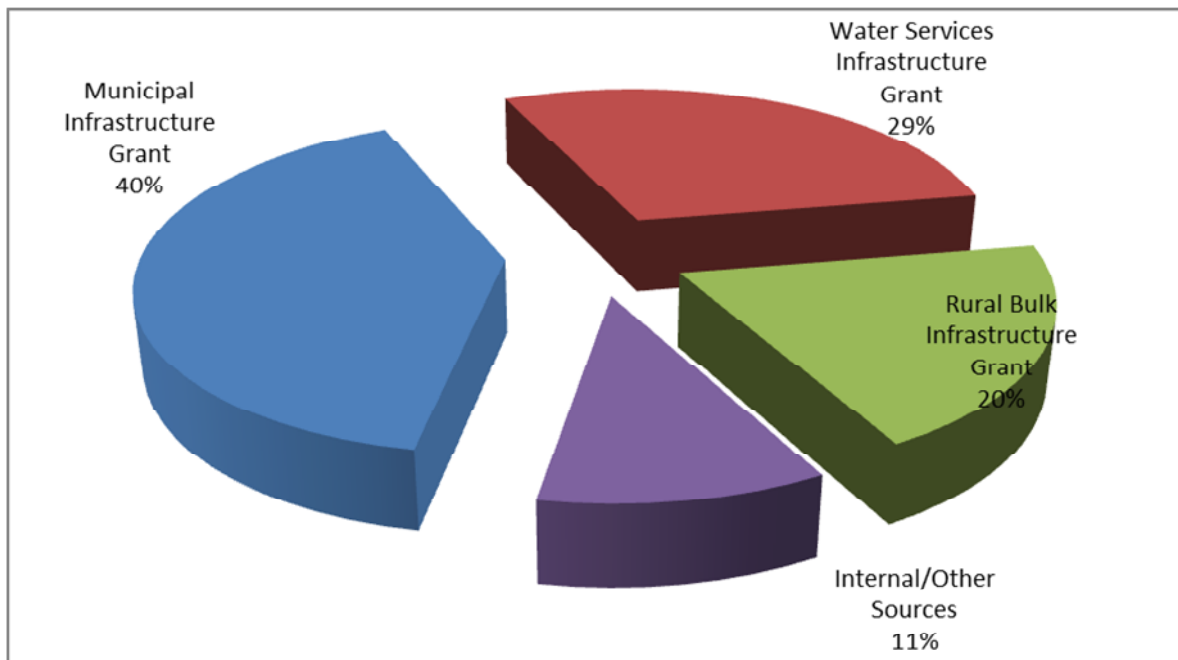


Supply						
Reticulation Water Supply	Vutshini Phase 1	MIG	MII	-	1 900 000	1 900 000
Reticulation Water Supply	Mbonambi Water Phase 2	MIG	MII	15 000 000	15 000 000	-
Reticulation Water Supply	Greater Mthonjaneni SSA 5	MIG	MII	24 000 000	1 000 000	-
Reticulation Water Supply	Mpungose Phase 1D-Reticulation	MIG	MII	500 000		
Reticulation Water Supply	Nkandla Vutshini S/A SSA5	MIG	MII	13 000 000	15 000 000	20 000 000
Reticulation Water Supply	KwaHlokoHloko S/A SSA5	MIG	MII	33 957 148	20 012 862	16 012 862
Reticulation Water Supply	Mhlana SomOpho Phase 3C	MIG	MII	1 000 000	691 708	-
Reticulation Water Supply	Middledrift SSA 5	MIG	MII	250 000	10 000 000	37 000 000
Reticulation Water Supply	Mbonambi Water SSA 2	MIG	MII	50 000	500 000	2 000 000
Bulk water Infrastructure Maintenance	Eshowe Sewer Upgrade	MIG	MII	50 000	575 157	1 500 000
Bulk water Infrastructure Maintenance	Melmoth Sewer Upgrade	MIG	MII	250 000	575 157	1 500 000
			<b>MII Total</b>	<b>314 658 100</b>	<b>327 919 500</b>	<b>348 588 900</b>
Internal Movable Assest	Office Equipment	Internal	Planning & Environmental	50 000	50 000	50 000
			<b>Planning &amp; Environmental Total</b>	<b>50 000</b>	<b>50 000</b>	<b>50 000</b>
Internal Movable Assest	SCM Kiosk	Internal	SCM	50 000	-	-

			<b>SCM Total</b>	<b>50 000</b>	<b>-</b>	<b>-</b>
Internal Movable Assest	Office Equipment	Internal	Solid waste	50 000	-	-
Construction of Landfill Site	Construction of Cell 3 - Feasibility & Design	Internal	Solid waste	3 500 000	-	-
Construction of Landfill Site	Construction of Cell 3 - Works	Loan	Solid waste	-	46 389 747	-
			<b>Solid waste Total</b>	<b>3 550 000</b>	<b>46 389 747</b>	<b>-</b>
Gingindlovu Waste Water Treatment Works	Gingindlovu Waste Water Treatment Works	Internal	Waste Water Management	50 000	-	-
			<b>Waste Water Management Total</b>	<b>50 000</b>	<b>-</b>	<b>-</b>
Survival Water Programme (Boreholes)	Survival Water Programme (Boreholes)	Internal	WSA	1 000 000	1 000 000	1 000 000
INTERNAL MOVABLE ASSETS - WSD	INTERNAL MOVABLE ASSETS - WSD	Internal	WSA	50 000	50 000	50 000
			<b>WSA Total</b>	<b>1 050 000</b>	<b>1 050 000</b>	<b>1 050 000</b>
Existing Projects Extensions	Existing Projects Extensions	Internal	WSP	400 000	500 000	500 000
Internal Movable Assets	Internal Movable Assets	Internal	WSP	-	-	-
Water metre installation	Water metre installation	Internal	WSP	-	-	-
Health and Safety Plants	Health and Safety Plants	Internal	WSP	-	-	-
Melmoth Water & Waste Schemes Upgrade	Melmoth Water & Waste Schemes Upgrade	Internal	WSP	450 000	300 000	300 000
Gingindlovu Water & Waste Schemes Upgrade	Gingindlovu Water & Waste Schemes Upgrade	Internal	WSP	450 000	300 000	300 000
Nkandla Water & Waste Schemes Upgrade	Nkandla Water & Waste Schemes Upgrade	Internal	WSP	450 000	300 000	300 000
Mbonambi Water & Waste Schemes Upgrade	Mbonambi Water & Waste Schemes Upgrade	Internal	WSP	450 000	300 000	300 000
Mthunzini Water & Waste Schemes Upgrade	Mthunzini Water & Waste Schemes Upgrade	Internal	WSP	450 000	300 000	300 000
				<b>2 650 000</b>	<b>2 000 000</b>	<b>2 000 000</b>

No Drop Compliance	No Drop Compliance	Internal	WUE	1 000 000	-	-
Office Establishment (Park Office)	Office Establishment (Park Office)	Internal	WUE	200 000	-	-
			<b>WUE Total</b>	<b>1 200 000</b>	-	-
			<b>Grand Total</b>	<b>335 301 835</b>	<b>379 609 247</b>	<b>354 008 900</b>

The figure below indicates the municipality's 2017/18 Capital Budget by Funding Source.



**Figure 7 Capital Budget by Funding Source for the 2017/18 financial year**

### **uThungulu Fresh Produce Market - UFPM**

The municipality has formally registered an entity to function as a Fresh Produce Market. The King Cetshwayo District Municipality holds a 100 percent shareholding in this entity. The entity started operating on its own from April 2015. A separate budget for the 2017/18 financial year has been submitted by the entity and below is an overview of the entity's 2016/2017 budget.

The entity is currently looking into ways of reducing the cost of transporting fresh produce to schools, satellite hubs and also from the farmers and the market. There are a number of options available that will have to be considered in order to ensure value for more and also reduced transport cost.

The immediate action will be to start a competitive bidding process for the bulk transport services with strict terms of reference and costing models in line with industry standards. This process will definitely result in lower costs than currently being incurred. When testing the current bulk transport costs against industry average it was found to be very expensive and will need urgent review. A procurement plan has been prepared and the process will start soon to ensure implementation at the beginning of the financial year. This will therefore reduce the transportation cost by some degree. However, the main cost driver under the transportation services is the school transport which will also be revised with a new competitive bidding process.

There are opportunities of cost-savings where the entity can enter into partnership with various stakeholders, such as Agri-SETA (to provide training to farmers under the Farmer Support Programme). This will allow the budget set aside to be used for other critical areas such as agro-processing running costs and also nursery running costs. The entity will continue to lobby other funding partners such as national and provincial governments for the establishment of the required facilities such as the nursery (much needed by emerging farmers and the agro-processing plant).

It must therefore be noted that the above budget only lays down a blueprint for the achievement of goals of the entity using the potential resources, however, positive partnerships will yield greater results.

## 1.8 Annual Budget Tables – Parent Municipality

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/18 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

**Table 7 MBRR Table A1 - Budget Summary**

DC28 King Cetshwayo - Table A1 Consolidated Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	—	—	—	—	—	—	—	—	—	—
Service charges	53,801	53,826	62,958	75,834	66,164	66,164	—	85,624	92,086	99,069
Investment revenue	32,866	37,046	38,871	37,197	41,697	41,697	—	37,834	44,308	46,966
Transfers recognised - operational	423,490	469,387	573,410	472,693	471,852	471,852	—	513,625	515,477	550,863
Other own revenue	15,360	15,143	23,029	53,342	124,292	124,292	—	62,017	109,166	54,190
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>525,517</b>	<b>575,402</b>	<b>698,268</b>	<b>639,065</b>	<b>704,005</b>	<b>704,005</b>	<b>—</b>	<b>699,099</b>	<b>761,037</b>	<b>751,089</b>
Employee costs	111,559	132,210	152,435	190,458	182,254	182,254	—	232,136	245,832	260,090
Remuneration of councillors	8,814	9,385	10,095	11,411	11,411	11,411	—	12,153	12,870	13,617
Depreciation & asset impairment	48,971	48,915	50,756	64,000	76,061	76,061	—	86,211	91,384	96,867
Finance charges	13,637	12,672	11,252	17,447	17,447	17,447	—	6,432	8,097	10,169
Materials and bulk purchases	32,471	39,224	49,637	48,501	51,355	51,355	—	62,217	65,236	68,918
Transfers and grants	12,233	7,181	30,110	5,000	9,779	9,779	—	6,850	4,800	5,200
Other expenditure	290,407	383,584	418,021	332,667	402,646	402,646	—	335,046	363,373	377,987
<b>Total Expenditure</b>	<b>518,082</b>	<b>633,181</b>	<b>722,305</b>	<b>669,484</b>	<b>750,955</b>	<b>750,955</b>	<b>—</b>	<b>741,046</b>	<b>791,592</b>	<b>832,849</b>
<b>Surplus/(Deficit)</b>	<b>7,425</b>	<b>(57,779)</b>	<b>(24,037)</b>	<b>(30,419)</b>	<b>(46,950)</b>	<b>(46,950)</b>	<b>—</b>	<b>(41,946)</b>	<b>(30,556)</b>	<b>(81,760)</b>
Transfers and subsidies - capital (monetary allocation)	209,559	229,446	362,829	433,012	433,012	433,012	—	299,658	327,920	348,589
Contributions recognised - capital & contributed assets	—	—	—	6,000	—	—	—	—	—	—
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>216,984</b>	<b>171,667</b>	<b>338,792</b>	<b>408,593</b>	<b>386,062</b>	<b>386,062</b>	<b>—</b>	<b>257,712</b>	<b>297,364</b>	<b>266,829</b>
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) for the year</b>	<b>216,984</b>	<b>171,667</b>	<b>338,792</b>	<b>408,593</b>	<b>386,062</b>	<b>386,062</b>	<b>—</b>	<b>257,712</b>	<b>297,364</b>	<b>266,829</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>218,317</b>	<b>233,422</b>	<b>392,037</b>	<b>466,192</b>	<b>464,457</b>	<b>464,457</b>	<b>—</b>	<b>335,302</b>	<b>379,609</b>	<b>354,009</b>
Transfers recognised - capital	182,163	218,093	368,498	428,712	406,281	406,281	—	299,658	327,920	348,589
Public contributions & donations	—	—	—	6,000	—	—	—	—	—	—
Borrowing	60	8,766	1,807	—	969	969	—	—	46,390	—
Internally generated funds	36,094	6,564	31,733	31,481	57,207	57,207	—	35,644	5,300	5,420
<b>Total sources of capital funds</b>	<b>218,317</b>	<b>233,422</b>	<b>392,037</b>	<b>466,192</b>	<b>464,457</b>	<b>464,457</b>	<b>—</b>	<b>335,302</b>	<b>379,609</b>	<b>354,009</b>
<b>Financial position</b>										
Total current assets	589,964	588,839	591,361	369,328	369,328	369,328	—	450,246	508,350	620,486
Total non current assets	1,366,963	1,545,008	1,867,325	2,371,037	2,369,302	2,369,302	—	2,612,171	2,900,853	3,158,462
Total current liabilities	237,188	245,903	237,428	136,318	136,318	136,318	—	126,720	138,298	142,099
Total non current liabilities	157,760	154,834	148,820	146,967	146,967	146,967	—	151,532	199,117	202,850
Community wealth/Equity	1,561,978	1,733,646	2,072,438	2,457,081	2,455,345	2,455,345	—	2,784,165	3,071,788	3,433,988
<b>Cash flows</b>										
Net cash from (used) operating	278,630	114,463	331,932	421,508	385,610	385,610	—	285,435	276,035	305,073
Net cash from (used) investing	(200,776)	(197,972)	(328,215)	(451,852)	(456,117)	(456,117)	—	(329,080)	(379,566)	(353,976)
Net cash from (used) financing	(4,946)	(6,938)	(9,529)	(12,037)	(12,037)	(12,037)	—	(9,558)	41,296	(6,086)
<b>Cash/cash equivalents at the year end</b>	<b>518,756</b>	<b>428,309</b>	<b>422,557</b>	<b>303,426</b>	<b>340,014</b>	<b>340,014</b>	<b>—</b>	<b>250,223</b>	<b>187,988</b>	<b>132,988</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	541,761	448,076	436,957	315,429	315,429	315,429	—	384,279	435,784	540,675
Application of cash and investments	318,879	279,340	194,212	268,878	273,755	273,755	—	275,250	306,599	310,952
<b>Balance - surplus (shortfall)</b>	<b>222,882</b>	<b>168,736</b>	<b>242,746</b>	<b>46,551</b>	<b>41,674</b>	<b>41,674</b>	<b>—</b>	<b>109,029</b>	<b>129,185</b>	<b>229,723</b>
<b>Asset management</b>										
Asset register summary (VLUV)	1,343,566	1,524,894	1,852,660	2,364,692	2,362,957	2,362,957	2,612,047	2,612,047	2,900,773	3,158,415
Depreciation	48,971	48,915	50,756	64,000	76,061	76,061	86,211	86,211	91,384	96,867
Renewal of Existing Assets	—	—	—	385,546	393,834	393,834	393,834	263,908	296,769	292,589
Repairs and Maintenance	52,108	76,820	88,578	58,196	61,108	61,108	67,757	67,757	71,755	75,917

## **Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a brief overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Capital transfers and contributions) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not providing for cash backed provisions due to budget limitations. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections and increase in indigent customers. The municipality is in the process of developing the Funding and Reserves Policy as required by section 7 of the Municipal Budget and Reporting Regulations in order to deal with the cash backing of the reserves. It is anticipated that the policy will prescribe the percentage of cash backing that will progressively increase over the years which will eventually result in all the reserves being fully cash backed in the long run.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this must not be done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. According to the recently compiled Water Services Delivery Plan, it is anticipated that the municipality will only be able to eliminate water backlogs by the year 2030, unless urgent interventions are implemented.

**Table 8: MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)****DC28 King Cetshwayo - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by functional classification)**

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		458,693	498,336	746,877	757,013	846,697	846,697	671,702	748,390	734,670
Executive and council		—	—	—	—	—	—	—	—	—
Finance and administration		458,693	498,336	746,877	757,013	846,697	846,697	671,702	748,390	734,670
Internal audit		—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		17,282	18,423	18,650	21,512	21,512	21,512	19,299	20,450	21,646
Community and social services		232	270	270	389	389	389	224	246	270
Sport and recreation		—	—	—	—	—	—	—	—	—
Public safety		—	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—
Health		17,050	18,152	18,380	21,123	21,123	21,123	19,075	20,204	21,376
<i>Economic and environmental services</i>		—	—	—	—	—	—	—	—	—
Planning and development		—	—	—	—	—	—	—	—	—
Road transport		—	—	—	—	—	—	—	—	—
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		259,101	288,090	295,571	299,551	268,807	268,807	307,756	320,116	343,362
Energy sources		—	—	—	—	—	—	—	—	—
Water management		200,034	211,093	209,765	250,309	222,272	222,272	245,455	263,917	283,543
Waste water management		47,686	63,473	68,892	26,571	26,571	26,571	37,208	28,597	29,456
Waste management		11,381	13,524	16,913	22,671	19,964	19,964	25,093	27,602	30,362
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
<b>Total Revenue - Functional</b>	<b>2</b>	<b>735,076</b>	<b>804,848</b>	<b>1,061,097</b>	<b>1,078,077</b>	<b>1,137,016</b>	<b>1,137,016</b>	<b>998,757</b>	<b>1,088,956</b>	<b>1,099,678</b>
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		94,672	120,053	129,435	158,743	164,568	164,568	170,582	177,868	187,967
Executive and council		20,626	20,477	37,974	36,905	39,267	39,267	42,436	44,733	47,561
Finance and administration		74,046	99,575	91,461	121,838	125,302	125,302	128,146	133,135	140,406
Internal audit		—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		30,265	35,493	45,645	51,579	51,964	51,964	55,056	54,780	57,815
Community and social services		17,194	22,742	29,960	30,756	33,154	33,154	32,956	31,871	33,397
Sport and recreation		—	—	—	—	—	—	—	—	—
Public safety		2,662	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—
Health		10,410	12,751	15,685	20,823	18,810	18,810	22,100	22,910	24,418
<i>Economic and environmental services</i>		15,967	27,716	43,823	27,327	25,136	25,136	28,955	27,260	29,568
Planning and development		15,967	27,716	43,823	27,327	25,136	25,136	28,955	27,260	29,568
Road transport		—	—	—	—	—	—	—	—	—
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		377,188	449,920	503,402	431,835	509,287	509,287	486,453	531,684	557,499
Energy sources		—	—	—	—	—	—	—	—	—
Water management		296,180	346,331	405,522	367,435	422,667	422,667	409,842	459,888	486,159
Waste water management		46,383	65,097	63,957	28,492	44,958	44,958	37,552	29,001	23,988
Waste management		34,624	38,492	33,923	35,908	41,663	41,663	39,060	42,795	47,352
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>518,092</b>	<b>633,181</b>	<b>722,305</b>	<b>669,484</b>	<b>750,955</b>	<b>750,955</b>	<b>741,046</b>	<b>791,592</b>	<b>832,849</b>
<b>Surplus/(Deficit) for the year</b>		<b>216,984</b>	<b>171,667</b>	<b>338,792</b>	<b>408,593</b>	<b>386,062</b>	<b>386,062</b>	<b>257,712</b>	<b>297,364</b>	<b>266,829</b>



Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into separate functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for King Cetshwayo District Municipality, Water & Waste water functions, except for the Waste management function. As highlighted previously, the municipality still has a long way to go in achieving cost reflective tariffs as this needs to be done whilst ensuring minimal impact on the consumers, especially the poorest of the poor.

**Table 9 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

DC28 King Cetshwayo - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue by Vote</b>	1									
Vote 1 - Executive & Council		—	—	—	—	—	—	—	—	—
Vote 2 - Economic Development, Planning & Environment		—	—	—	—	—	—	—	—	—
Vote 3 - Community & Social Services		232	270	270	389	389	389	224	246	270
Vote 4 - Public Safety		—	—	—	—	—	—	—	—	—
Vote 5 - Environmental Health		17,050	18,152	18,380	21,123	21,123	21,123	19,075	20,204	21,376
Vote 6 - Finance & Administration		458,693	498,336	746,877	757,013	846,697	846,697	671,702	748,390	734,670
Vote 7 - Infrastructure Services		200,034	211,083	209,765	250,309	222,272	222,272	245,455	263,917	283,543
Vote 8 - Waste Management		11,381	13,524	16,913	22,671	19,964	19,964	25,093	27,602	30,362
Vote 9 - Waste Water Management		47,686	63,473	68,892	26,571	26,571	26,571	37,208	28,597	29,456
Vote 10 - [NAME OF VOTE 10]		—	—	—	—	—	—	—	—	—
Vote 11 - [NAME OF VOTE 11]		—	—	—	—	—	—	—	—	—
Vote 12 - [NAME OF VOTE 12]		—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—
<b>Total Revenue by Vote</b>	2	<b>735,076</b>	<b>804,848</b>	<b>1,061,097</b>	<b>1,078,077</b>	<b>1,137,016</b>	<b>1,137,016</b>	<b>998,757</b>	<b>1,088,956</b>	<b>1,099,678</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Executive & Council		38,891	38,847	55,904	59,512	62,827	62,827	65,406	69,110	73,401
Vote 2 - Economic Development, Planning & Environment		15,967	27,716	43,823	27,327	25,136	25,136	28,955	27,260	29,568
Vote 3 - Community & Social Services		17,194	22,742	29,960	30,756	33,154	33,154	32,956	31,871	33,397
Vote 4 - Public Safety		2,662	—	—	—	—	—	—	—	—
Vote 5 - Environmental Health		10,410	12,751	15,685	20,823	18,810	18,810	22,100	22,910	24,418
Vote 6 - Finance & Administration		55,781	81,206	73,532	99,231	101,741	101,741	105,177	108,758	114,566
Vote 7 - Infrastructure Services		296,180	346,331	405,522	367,435	422,667	422,667	409,842	459,888	486,159
Vote 8 - Waste Management		34,624	38,492	33,923	35,908	41,663	41,663	39,060	42,795	47,352
Vote 9 - Waste Water Management		46,383	65,097	63,957	28,492	44,958	44,958	37,552	29,001	23,988
Vote 10 - [NAME OF VOTE 10]		—	—	—	—	—	—	—	—	—
Vote 11 - [NAME OF VOTE 11]		—	—	—	—	—	—	—	—	—
Vote 12 - [NAME OF VOTE 12]		—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—
<b>Total Expenditure by Vote</b>	2	<b>518,092</b>	<b>633,181</b>	<b>722,305</b>	<b>669,484</b>	<b>750,955</b>	<b>750,955</b>	<b>741,046</b>	<b>791,592</b>	<b>832,849</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>216,984</b>	<b>171,667</b>	<b>338,792</b>	<b>408,593</b>	<b>386,062</b>	<b>386,062</b>	<b>257,712</b>	<b>297,364</b>	<b>266,829</b>

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

**Table 10 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

DC28 King Cetshwayo - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>	<b>1</b>										
<b>Revenue By Source</b>											
Property rates	2	—	—	—	—	—	—	—	—	—	—
Service charges - electricity revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - water revenue	2	37,659	35,134	39,621	46,595	39,633	39,633	—	52,492	55,641	58,980
Service charges - sanitation revenue	2	4,529	4,898	5,795	6,178	6,178	6,178	—	7,815	8,597	9,456
Service charges - refuse revenue	2	11,381	13,524	16,913	22,671	19,964	19,964	—	25,083	27,602	30,362
Service charges - other		232	270	630	389	389	389		224	246	270
Rental of facilities and equipment		37	36	41	50	50	50		50	50	50
Interest earned - external investments		32,866	37,046	38,871	37,197	41,697	41,697		37,834	44,308	46,966
Interest earned - outstanding debtors		28	1,970	1,760	293	2,010	2,010		310	310	329
Dividends received											
Fines, penalties and forfeits											
Licences and permits											
Agency services											
Transfers and subsidies		423,490	469,387	573,410	472,693	471,852	471,852		513,625	515,477	550,863
Other revenue	2	15,295	13,137	21,228	53,000	122,232	122,232	—	61,657	108,806	53,812
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>525,517</b>	<b>575,402</b>	<b>698,268</b>	<b>639,065</b>	<b>704,005</b>	<b>704,005</b>	<b>—</b>	<b>699,099</b>	<b>761,037</b>	<b>751,089</b>
<b>Expenditure By Type</b>											
Employee related costs	2	111,559	132,210	152,435	190,458	182,254	182,254	—	232,136	245,832	260,090
Remuneration of councillors		8,814	9,365	10,095	11,411	11,411	11,411		12,153	12,870	13,617
Debt impairment	3	4,330	10,260	7,872	3,834	12,522	12,522		3,615	3,828	4,050
Depreciation & asset impairment	2	48,971	48,915	50,756	64,000	76,061	76,061	—	86,211	91,384	96,867
Finance charges		13,637	12,672	11,252	17,447	17,447	17,447		6,432	8,097	10,169
Bulk purchases	2	32,471	39,224	49,535	48,010	50,939	50,939	—	52,800	55,668	58,382
Other materials	8			102	491	417	417		9,417	9,568	10,536
Contracted services		82,515	90,364	92,406	103,238	111,295	111,295	—	170,500	167,768	178,665
Transfers and subsidies		12,233	7,181	30,110	5,000	9,779	9,779	—	6,850	4,800	5,200
Other expenditure	4, 5	203,369	282,124	317,097	225,595	278,830	278,830	—	160,932	191,778	195,273
Loss on disposal of PPE		193	836	646							
<b>Total Expenditure</b>		<b>518,092</b>	<b>633,181</b>	<b>722,305</b>	<b>669,484</b>	<b>750,955</b>	<b>750,955</b>	<b>—</b>	<b>741,046</b>	<b>791,592</b>	<b>832,849</b>
<b>Surplus/(Deficit)</b>		<b>7,425</b>	<b>(57,779)</b>	<b>(24,037)</b>	<b>(30,419)</b>	<b>(46,950)</b>	<b>(46,950)</b>	<b>—</b>	<b>(41,946)</b>	<b>(30,556)</b>	<b>(81,760)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		209,559	229,446	362,829	433,012	433,012	433,012		299,658	327,920	348,589
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher	6	—	—	—	6,000	—	—	—	—	—	—
Transfers and subsidies - capital (in-kind - all)											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>216,984</b>	<b>171,667</b>	<b>338,792</b>	<b>408,593</b>	<b>386,062</b>	<b>386,062</b>	<b>—</b>	<b>257,712</b>	<b>297,364</b>	<b>266,829</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>216,984</b>	<b>171,667</b>	<b>338,792</b>	<b>408,593</b>	<b>386,062</b>	<b>386,062</b>	<b>—</b>	<b>257,712</b>	<b>297,364</b>	<b>266,829</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>216,984</b>	<b>171,667</b>	<b>338,792</b>	<b>408,593</b>	<b>386,062</b>	<b>386,062</b>	<b>—</b>	<b>257,712</b>	<b>297,364</b>	<b>266,829</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>216,984</b>	<b>171,667</b>	<b>338,792</b>	<b>408,593</b>	<b>386,062</b>	<b>386,062</b>	<b>—</b>	<b>257,712</b>	<b>297,364</b>	<b>266,829</b>

**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue is R741 million in 2017/18 and escalates to R833million by 2019/20. This represents an increase of 11% over the medium term.
2. Service charges relating to water, sanitation and refuse constitutes the biggest component of the revenue basket of the Municipality, totalling R85 million for the 2017/18 financial year and increasing to R99 million by 2019/20. For the 2017/18 financial year services charges amount to 12% of the total revenue base and grows slightly to 13% per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of water.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. To be noted that the Equitable Share allocation has seen a decrease of R10,7m when compared to the 2016/17 projections as per Gazette in the 2016 Division of Revenue Act.
4. Employee related costs have increased by 11% from the 2016/17 MTREF, this is due to the inflationary increase of 7.36% on salaries in line with 2015 Salary and Wage Collective agreement, as well as newly funded positions that have been included in the 2017/18 financial year. Also to be noted that the salaries budget for 2016/17 was adjusted downwards due to savings on vacant positions and some unutilised staff benefits.
5. Depreciation has been budgeted for at R86m for the 2017/18 financial year and increasing to R97m over the MTREF, this is as a result of the infrastructure assets that are being added onto the fixed asset register as a result of new schemes being commissioned as well as the unbundling of underground infrastructure assets.
6. Finances Charges comprise of the repayments of the current loans that were acquired by Council in order to fast track the backlog eradication process and Finance Partnership, this expenditure item amounts to a total of R25 million over the MTREF. Furthermore, a loan of R46m is proposed for the 2018/19 financial year to be used for the construction of cell 3 of the regional solid waste site.

7. Bulk purchases have significantly increased over the MTREF, with a total allocation of R167 million over the MTREF. This can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from the Bulk Water suppliers as well as the anticipated completion of schemes under the Greater Mthonjaneni, Middledrift and KwaHlokoheko water projects.
8. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

**Table 11 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

DC28 King Cetshwayo - Table A5 Consolidated Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive & Council		—	—	—	—	—	—	—	—	—	—
Vote 2 - Economic Development, Planning & Environment		—	12,596	—	—	—	—	—	—	—	—
Vote 3 - Community & Social Services		—	3,546	412	—	8,186	8,186	—	—	—	—
Vote 4 - Public Safety		—	—	—	—	—	—	—	—	—	—
Vote 5 - Environmental Health		—	—	—	—	—	—	—	—	—	—
Vote 6 - Finance & Administration		—	—	—	—	—	—	—	—	—	—
Vote 7 - Infrastructure Services		211,132	173,209	379,842	429,662	419,022	419,022	—	300,658	328,920	349,589
Vote 8 - Waste Management		341	—	—	3,251	—	—	—	—	—	—
Vote 9 - Waste Water Management		1,080	6,400	1,751	—	2,198	2,198	—	—	—	—
Vote 10 - [NAME OF VOTE 10]		—	—	—	—	—	—	—	—	—	—
Vote 11 - [NAME OF VOTE 11]		—	—	—	—	—	—	—	—	—	—
Vote 12 - [NAME OF VOTE 12]		—	—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—	—
<b>Capital multi-year expenditure sub-total</b>	7	<b>212,553</b>	<b>195,751</b>	<b>382,005</b>	<b>432,912</b>	<b>429,407</b>	<b>429,407</b>	<b>—</b>	<b>300,658</b>	<b>328,920</b>	<b>349,589</b>
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive & Council		1,580	674	779	3,200	4,038	4,038	—	450	100	100
Vote 2 - Economic Development, Planning & Environment		142	87	168	100	227	227	—	100	100	100
Vote 3 - Community & Social Services		471	239	236	380	425	425	—	350	300	300
Vote 4 - Public Safety		—	69	204	—	1,778	1,778	—	450	—	—
Vote 5 - Environmental Health		—	—	200	300	347	347	—	—	—	—
Vote 6 - Finance & Administration		3,571	3,823	976	7,700	9,735	9,735	—	10,724	1,750	1,870
Vote 7 - Infrastructure Services		—	22,563	4,248	21,550	15,850	15,850	—	18,970	2,050	2,050
Vote 8 - Waste Management		—	3,632	778	—	176	176	—	3,550	46,390	—
Vote 9 - Waste Water Management		—	6,583	2,444	50	2,384	2,384	—	50	—	—
Vote 10 - [NAME OF VOTE 10]		—	—	—	—	—	—	—	—	—	—
Vote 11 - [NAME OF VOTE 11]		—	—	—	—	—	—	—	—	—	—
Vote 12 - [NAME OF VOTE 12]		—	—	—	—	—	—	—	—	—	—
Vote 13 - [NAME OF VOTE 13]		—	—	—	—	—	—	—	—	—	—
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—	—
<b>Capital single-year expenditure sub-total</b>		<b>5,764</b>	<b>37,671</b>	<b>10,033</b>	<b>33,280</b>	<b>35,050</b>	<b>35,050</b>	<b>—</b>	<b>34,644</b>	<b>50,690</b>	<b>4,420</b>
<b>Total Capital Expenditure - Vote</b>		<b>218,317</b>	<b>233,421</b>	<b>392,037</b>	<b>466,192</b>	<b>464,457</b>	<b>464,457</b>	<b>—</b>	<b>335,302</b>	<b>379,609</b>	<b>354,009</b>
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		<b>5,151</b>	<b>4,497</b>	<b>1,755</b>	<b>10,900</b>	<b>13,773</b>	<b>13,773</b>	<b>—</b>	<b>11,174</b>	<b>1,850</b>	<b>1,970</b>
Executive and council		1,554	651	682	3,200	3,943	3,943	—	450	100	100
Finance and administration		3,597	3,846	1,073	7,700	9,830	9,830	—	10,724	1,750	1,870
Internal audit		—	—	—	—	—	—	—	—	—	—
<b>Community and public safety</b>		<b>471</b>	<b>3,853</b>	<b>1,052</b>	<b>680</b>	<b>10,827</b>	<b>10,827</b>	<b>—</b>	<b>800</b>	<b>300</b>	<b>300</b>
Community and social services		471	3,784	648	380	8,702	8,702	—	350	300	300
Sport and recreation		—	—	—	—	—	—	—	—	—	—
Public safety		—	69	204	—	1,778	1,778	—	450	—	—
Housing		—	—	—	—	—	—	—	—	—	—
Health		—	—	200	300	347	347	—	—	—	—
<b>Economic and environmental services</b>		<b>142</b>	<b>12,683</b>	<b>168</b>	<b>100</b>	<b>227</b>	<b>227</b>	<b>—</b>	<b>100</b>	<b>100</b>	<b>100</b>
Planning and development		142	12,683	168	100	227	227	—	100	100	100
Road transport		—	—	—	—	—	—	—	—	—	—
Environmental protection		—	—	—	—	—	—	—	—	—	—
<b>Trading services</b>		<b>212,553</b>	<b>212,389</b>	<b>389,062</b>	<b>454,512</b>	<b>440,043</b>	<b>440,043</b>	<b>—</b>	<b>323,228</b>	<b>377,359</b>	<b>351,639</b>
Energy sources		—	—	—	—	—	—	—	—	—	—
Water management		211,132	195,773	384,090	451,212	434,872	434,872	—	319,628	330,970	351,639
Waste water management		1,080	12,983	4,195	50	4,994	4,994	—	50	—	—
Waste management		341	3,632	778	3,251	176	176	—	3,550	46,390	—
<b>Other</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(412)</b>	<b>(412)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Capital Expenditure - Functional</b>	3	<b>218,317</b>	<b>233,422</b>	<b>392,037</b>	<b>466,192</b>	<b>464,457</b>	<b>464,457</b>	<b>—</b>	<b>335,302</b>	<b>379,609</b>	<b>354,009</b>
<b>Funded by:</b>											
National Government		182,163	203,279	358,309	428,712	406,281	406,281	—	299,658	327,920	348,589
Provincial Government		—	14,814	189	—	—	—	—	—	—	—
District Municipality		—	—	—	—	—	—	—	—	—	—
Other transfers and grants		—	—	—	—	—	—	—	—	—	—
<b>Transfers recognised - capital</b>	4	<b>182,163</b>	<b>218,093</b>	<b>358,498</b>	<b>428,712</b>	<b>406,281</b>	<b>406,281</b>	<b>—</b>	<b>299,658</b>	<b>327,920</b>	<b>348,589</b>
<b>Public contributions &amp; donations</b>	5	<b>60</b>	<b>8,766</b>	<b>1,807</b>	<b>6,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>46,390</b>	<b>—</b>
<b>Borrowing</b>	6	<b>36,094</b>	<b>6,564</b>	<b>31,733</b>	<b>31,481</b>	<b>57,207</b>	<b>57,207</b>	<b>—</b>	<b>35,644</b>	<b>5,300</b>	<b>5,420</b>
<b>Internally generated funds</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Capital Funding</b>	7	<b>218,317</b>	<b>233,422</b>	<b>392,037</b>	<b>466,192</b>	<b>464,457</b>	<b>464,457</b>	<b>—</b>	<b>335,302</b>	<b>379,609</b>	<b>354,009</b>

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2017/18, R335million has been allocated for the capital budget. This allocation increases to R380million in 2018/19 and then to goes down to R354 million in 2019/20.
3. Single-year capital expenditure has been appropriated at R39 million for the 2017/18 financial year and totals R90m over the Medium term.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of office machinery and specialized tools and equipment and ad hoc projects with a life cycle of not more than a year. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality.
5. The capital programme is funded from national grants and transfers, and internally generated funds. For 2017/18, capital transfers totals R300million, increasing to R328 million in 2018/19 and further up to R349 million in 2019/20. Internally generated funding has been provided for at a total of R46m over the MTREF.

**Table 12 MBRR Table A6 - Budgeted Financial Position**

DC28 King Cetshwayo - Table A6 Consolidated Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Current assets											
Cash		38,756	78,309	82,557	29,350	29,350	29,350		44,279	55,784	70,675
Call investment deposits	1	480,000	350,000	340,000	280,000	280,000	280,000	–	340,000	380,000	470,000
Consumer debtors	1	44,203	81,990	94,405	22,971	22,971	22,971	–	25,268	27,794	30,574
Other debtors		20,413	69,881	65,472	27,082	27,082	27,082		29,790	32,769	36,046
Current portion of long-term receivables		39	44	89	41	41	41		37	42	35
Inventory	2	6,552	8,615	8,837	9,884	9,884	9,884		10,873	11,960	13,156
Total current assets		589,964	588,839	591,361	369,328	369,328	369,328	–	450,246	508,350	620,486
Non current assets											
Long-term receivables		393	347	265	266	266	266		123	80	47
Investments		23,004	19,767	14,400	6,079	6,079	6,079				
Investment property											
Investment in Associate											
Property, plant and equipment	3	1,342,634	1,523,844	1,850,578	2,362,498	2,360,762	2,360,762	–	2,601,997	2,890,131	3,147,143
Agricultural											
Biological											
Intangible		932	1,050	2,081	2,194	2,194	2,194		10,050	10,642	11,271
Other non-current assets											
Total non current assets		1,366,963	1,545,008	1,867,325	2,371,037	2,369,302	2,369,302	–	2,612,171	2,900,853	3,158,462
TOTAL ASSETS		1,956,926	2,133,846	2,458,686	2,740,366	2,738,630	2,738,630	–	3,062,417	3,409,203	3,778,947
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	6,938	9,529	12,989	11,047	11,047	11,047	–	5,928	6,670	7,529
Consumer deposits		9,661	9,698	10,139	10,473	10,473	10,473		11,520	12,672	13,940
Trade and other payables	4	216,028	225,292	212,636	113,243	113,243	113,243	–	107,595	117,170	118,736
Provisions		4,561	1,384	1,665	1,555	1,555	1,555		1,677	1,786	1,895
Total current liabilities		237,188	245,903	237,428	136,318	136,318	136,318	–	126,720	138,298	142,099
Non current liabilities											
Borrowing		77,585	68,056	55,067	44,020	44,020	44,020	–	38,533	75,820	68,291
Provisions		80,175	86,777	93,752	102,948	102,948	102,948	–	112,999	123,297	134,559
Total non current liabilities		157,760	154,834	148,820	146,967	146,967	146,967	–	151,532	199,117	202,850
TOTAL LIABILITIES		394,948	400,737	386,248	283,285	283,285	283,285	–	278,252	337,415	344,950
NET ASSETS	5	1,561,978	1,733,110	2,072,438	2,457,081	2,455,345	2,455,345	–	2,784,165	3,071,788	3,433,998
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		1,296,986	1,468,654	1,807,446	2,192,089	2,192,089	2,192,089		2,520,908	2,808,532	3,170,741
Reserves	4	264,992	264,992	264,992	264,992	263,256	263,256	–	263,256	263,256	263,256
TOTAL COMMUNITY WEALTH/EQUITY	5	1,561,978	1,733,646	2,072,438	2,457,081	2,455,345	2,455,345	–	2,784,165	3,071,788	3,433,998



**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
3. The budgeted Community wealth or equity for the MTREF is R2,7 billion, R3 billion and R3.4 billion for the 17/18, 18/19 and 19/20 financial years respectively.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 13 MBRR Table A7 - Budgeted Cash Flow Statement**

DC28 King Cetshwayo - Table A7 Consolidated Budgeted Cash Flows

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates										–	–	–
Service charges			53,801	53,826	62,958	68,250	58,580	58,580		77,061	82,878	89,162
Other revenue			4,615	(8,161)	26,843	11,714	40,859	40,859		7,367	924	976
Government - operating		1	371,631	398,843	401,534	472,693	471,824	471,824		513,625	515,477	550,863
Government - capital		1	277,214	250,503	499,957	433,012	433,012	433,012		299,658	327,920	348,589
Interest			32,894	37,074	40,632	37,489	43,707	43,707		38,144	44,618	47,295
Dividends										–	–	–
Payments												
Suppliers and employees			(435,654)	(597,770)	(658,570)	(579,203)	(635,146)	(635,146)		(637,138)	(682,884)	(716,443)
Finance charges			(13,637)	(12,672)	(11,252)	(17,447)	(17,447)	(17,447)		(6,432)	(8,097)	(10,169)
Transfers and Grants		1	(12,233)	(7,181)	(30,110)	(5,000)	(9,779)	(9,779)		(6,850)	(4,800)	(5,200)
NET CASH FROM/(USED) OPERATING ACTIVITIES			278,630	114,463	331,992	421,508	385,610	385,610	–	285,435	276,035	305,073
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE				1,237	6,311	6,000	–	–		–	–	–
Decrease (Increase) in non-current debtors					36					–	–	–
Decrease (increase) other non-current receivables			46	42		47	47	47	–	143	43	33
Decrease (increase) in non-current investments			1,668	3,238		8,293	8,293	8,293	–	6,079	–	–
Payments												
Capital assets			(202,490)	(202,488)	(334,563)	(466,192)	(464,457)	(464,457)	–	(335,302)	(379,609)	(354,009)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(200,776)	(197,972)	(328,215)	(451,852)	(456,117)	(456,117)	–	(329,080)	(379,566)	(353,976)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans										–	–	–
Borrowing long term/refinancing										–	46,390	–
Increase (decrease) in consumer deposits					440	952	952	952	–	1,047	1,152	1,267
Payments												
Repayment of borrowing			(4,946)	(6,938)	(9,969)	(12,989)	(12,989)	(12,989)	–	(10,605)	(6,246)	(7,363)
NET CASH FROM/(USED) FINANCING ACTIVITIES			(4,946)	(6,938)	(9,529)	(12,037)	(12,037)	(12,037)	–	(9,558)	41,296	(6,096)
NET INCREASE/ (DECREASE) IN CASH HELD			72,908	(90,447)	(5,752)	(42,382)	(82,544)	(82,544)	–	(53,203)	(62,236)	(55,000)
Cash/cash equivalents at the year begin:		2	445,848	518,756	428,309	345,808	422,557	422,557		303,426	250,223	187,988
Cash/cash equivalents at the year end:		2	518,756	428,309	422,557	303,426	340,014	340,014	–	250,223	187,988	132,988

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The budgeted cash/cash equivalents are R250m, R187m and R133m for the 2017/2018, 2018/2019 and 2019/2020 financial years respectively.

**Table 14 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

DC28 King Cetshwayo - Table A8 Consolidated Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	518,756	428,309	422,557	303,426	340,014	340,014	—	250,223	187,988	132,988
Other current investments > 90 days		(0)	—	(0)	5,924	(30,664)	(30,664)	—	134,056	247,796	407,687
Non current assets - Investments	1	23,004	19,767	14,400	6,079	6,079	6,079	—	—	—	—
<b>Cash and investments available:</b>		<b>541,761</b>	<b>448,076</b>	<b>436,957</b>	<b>315,429</b>	<b>315,429</b>	<b>315,429</b>	<b>—</b>	<b>384,279</b>	<b>435,784</b>	<b>540,675</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		51,722	38,603	15,939	—	—	—	—	—	—	—
Unspent borrowing		—	—	—	—	—	—	—	—	—	—
Statutory requirements	2	—	—	—	—	—	—	—	—	—	—
Other working capital requirements	3	109,396	85,902	29,453	82,094	86,971	86,971	—	76,040	91,918	79,526
Other provisions		157,760	154,834	148,820	102,948	102,948	102,948	—	112,999	123,297	134,559
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5	—	—	—	83,837	83,837	83,837	—	86,211	91,384	96,867
<b>Total Application of cash and investments:</b>		<b>318,879</b>	<b>279,340</b>	<b>194,212</b>	<b>268,878</b>	<b>273,755</b>	<b>273,755</b>	<b>—</b>	<b>275,250</b>	<b>306,599</b>	<b>310,952</b>
<b>Surplus(shortfall)</b>		<b>222,882</b>	<b>168,736</b>	<b>242,746</b>	<b>46,551</b>	<b>41,674</b>	<b>41,674</b>	<b>—</b>	<b>109,029</b>	<b>129,185</b>	<b>229,723</b>

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. A focal point in this table is that the municipality has budgeted to fully spend all grant allocations received in the outer years.

Table 15 MBRR Table A9 - Asset Management

DC28 King Cetshwayo - Table A9 Consolidated Asset Management										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	218,317	233,421	392,037	80,646	70,623	70,623	22,944	49,690	3,420
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		186,004	120,179	368,191	64,465	43,010	43,010	7,000	1,000	1,000
Sanitation Infrastructure		50	-	778	-	-	-	-	-	-
Solid Waste Infrastructure		24,426	108,317	-	3,251	176	176	3,500	46,390	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>210,479</b>	<b>228,496</b>	<b>368,968</b>	<b>67,716</b>	<b>43,186</b>	<b>43,186</b>	<b>10,500</b>	<b>47,390</b>	<b>1,000</b>
Community Facilities		-	-	-	-	8,186	8,186	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	-	-	-	<b>8,186</b>	<b>8,186</b>	-	-	-
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	700	700	-	-	-
<b>Investment properties</b>		-	-	-	-	<b>700</b>	<b>700</b>	-	-	-
Operational Buildings		120	112	18,628	6,650	7,630	7,630	1,200	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>120</b>	<b>112</b>	<b>18,628</b>	<b>6,650</b>	<b>7,630</b>	<b>7,630</b>	<b>1,200</b>	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		379	1,197	1,516	930	1,186	1,186	7,615	850	900
<b>Intangible Assets</b>		<b>379</b>	<b>1,197</b>	<b>1,516</b>	<b>930</b>	<b>1,186</b>	<b>1,186</b>	<b>7,615</b>	<b>850</b>	<b>900</b>
Computer Equipment		930	1,995	2,391	300	1,708	1,708	2,409	450	520
Furniture and Office Equipment		1,056	568	402	2,050	2,037	2,037	870	700	700
Machinery and Equipment		162	607	132	-	-	-	350	300	300
Transport Assets		5,191	447	-	3,000	5,989	5,989	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	-	-	-	385,546	393,834	393,834	263,908	296,769	292,589
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	385,496	390,482	390,482	263,858	296,769	292,589
Sanitation Infrastructure		-	-	-	50	3,352	3,352	50	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	-	-	<b>385,546</b>	<b>393,834</b>	<b>393,834</b>	<b>263,908</b>	<b>296,769</b>	<b>292,589</b>
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	-	-	-	-	-	-	-	-
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<b>Total Upgrading of Existing Assets</b>	6	-	-	-	-	-	-	48,450	33,150	58,000
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	46,200	31,650	56,500
Sanitation Infrastructure		-	-	-	-	-	-	2,250	1,500	1,500
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	-	-	-	-	-	<b>48,450</b>	<b>33,150</b>	<b>58,000</b>

DC28 King Cetshwayo - Table A9 Consolidated Asset Management

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Total Capital Expenditure</b>	4									
Roads Infrastructure		—	—	—	—	—	—	—	—	—
Storm water Infrastructure		—	—	—	—	—	—	—	—	—
Electrical Infrastructure		—	—	—	—	—	—	—	—	—
Water Supply Infrastructure		186,004	120,179	368,191	449,962	433,492	433,492	317,058	329,420	350,089
Sanitation Infrastructure		50	—	778	50	3,352	3,352	2,300	1,500	1,500
Solid Waste Infrastructure		24,426	108,317	—	3,251	176	176	3,500	46,390	—
Rail Infrastructure		—	—	—	—	—	—	—	—	—
Coastal Infrastructure		—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure		—	—	—	—	—	—	—	—	—
<b>Infrastructure</b>		<b>210,479</b>	<b>228,496</b>	<b>368,969</b>	<b>453,262</b>	<b>437,020</b>	<b>437,020</b>	<b>322,858</b>	<b>377,309</b>	<b>351,589</b>
Community Facilities		—	—	—	—	8,186	8,186	—	—	—
Sport and Recreation Facilities		—	—	—	—	—	—	—	—	—
<b>Community Assets</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>8,186</b>	<b>8,186</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Heritage Assets</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Revenue Generating		—	—	—	—	—	—	—	—	—
Non-revenue Generating		—	—	—	—	700	700	—	—	—
<b>Investment properties</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>700</b>	<b>700</b>	<b>—</b>	<b>—</b>	<b>—</b>
Operational Buildings		120	112	18,628	6,650	7,630	7,630	1,200	—	—
Housing		—	—	—	—	—	—	—	—	—
<b>Other Assets</b>		<b>120</b>	<b>112</b>	<b>18,628</b>	<b>6,650</b>	<b>7,630</b>	<b>7,630</b>	<b>1,200</b>	<b>—</b>	<b>—</b>
<b>Biological or Cultivated Assets</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Servitudes		—	—	—	—	—	—	—	—	—
Licences and Rights		379	1,197	1,516	930	1,186	1,186	7,615	850	900
<b>Intangible Assets</b>		<b>379</b>	<b>1,197</b>	<b>1,516</b>	<b>930</b>	<b>1,186</b>	<b>1,186</b>	<b>7,615</b>	<b>850</b>	<b>900</b>
Computer Equipment		930	1,995	2,391	300	1,708	1,708	2,409	450	520
Furniture and Office Equipment		1,056	568	402	2,050	2,037	2,037	870	700	700
Machinery and Equipment		162	607	132	—	—	—	350	300	300
Transport Assets		5,191	447	—	3,000	5,989	5,989	—	—	—
Libraries		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		<b>218,317</b>	<b>233,421</b>	<b>392,037</b>	<b>466,192</b>	<b>464,457</b>	<b>464,457</b>	<b>335,302</b>	<b>379,609</b>	<b>354,009</b>

DC28 King Cetshwayo - Table A9 Consolidated Asset Management

Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSET REGISTER SUMMARY - PPE (WDV)		5									
Roads Infrastructure											
Storm water Infrastructure											
Electrical Infrastructure											
Water Supply Infrastructure			644,234	761,700	1,724,808	1,612,369	1,596,126	1,596,126	1,854,933	2,119,940	2,399,719
Sanitation Infrastructure			22,226	24,751	24,270	30,704	32,948	32,948	34,045	34,354	34,706
Solid Waste Infrastructure			600,456	662,930	23,047	650,749	647,676	647,676	627,539	651,968	630,191
Rail Infrastructure											
Coastal Infrastructure											
Information and Communication Infrastructure											
Infrastructure			1,266,916	1,449,381	1,772,125	2,293,822	2,276,750	2,276,750	2,516,517	2,806,261	3,064,617
Community Facilities			—	—	—	—	8,186	8,186	7,888	7,612	7,357
Sport and Recreation Facilities			—	—	—	—	—	—	—	—	—
Community Assets			—	—	—	—	8,186	8,186	7,888	7,612	7,357
Heritage Assets			—	—	—	—	—	—	—	—	—
Revenue Generating			—	—	—	—	700	700	700	700	700
Non-revenue Generating			—	—	—	—	700	700	700	700	700
Investment properties			—	—	—	—	—	—	—	—	—
Operational Buildings			—	—	65,718	—	—	—	1,200	1,158	1,119
Housing			—	—	—	—	—	—	—	—	—
Other Assets			—	—	65,718	—	—	—	1,200	1,158	1,119
Biological or Cultivated Assets			—	—	—	—	—	—	—	—	—
Servitudes			—	—	—	—	—	—	—	—	—
Licences and Rights			—	—	2,081	—	—	—	7,615	8,199	8,825
Intangible Assets			—	—	2,081	—	—	—	7,615	8,199	8,825
Computer Equipment			932	1,050	4,249	2,194	2,687	2,687	4,997	5,272	5,616
Furniture and Office Equipment			75,718	74,463	3,282	68,676	74,634	74,634	72,780	70,933	69,264
Machinery and Equipment			—	—	1,146	—	—	—	350	638	916
Transport Assets			—	—	4,058	—	—	—	—	—	—
Libraries			—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals			—	—	—	—	—	—	—	—	—
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	1,343,566	1,524,894	1,852,660	2,364,692	2,362,957	2,362,957	2,612,047	2,900,773	3,158,415
EXPENDITURE OTHER ITEMS											
Depreciation		7	48,971	48,915	50,756	64,000	76,061	76,061	86,211	91,394	96,867
Repairs and Maintenance by Asset Class		3	52,108	76,820	88,578	58,196	61,108	61,108	67,757	71,755	75,917
Roads Infrastructure			—	—	—	—	—	—	—	—	—
Storm water Infrastructure			—	—	—	—	—	—	—	—	—
Electrical Infrastructure			—	—	—	—	—	—	—	—	—
Water Supply Infrastructure			42,694	62,942	75,647	55,172	58,673	58,673	66,468	70,389	74,472
Sanitation Infrastructure			—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure			8,381	12,356	11,792	100	141	141	—	—	—
Rail Infrastructure			—	—	—	—	—	—	—	—	—
Coastal Infrastructure			—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure			—	—	—	—	—	—	—	—	—
Infrastructure			51,076	75,298	87,440	55,272	58,814	58,814	66,468	70,389	74,472
Community Facilities			42	62	180	200	250	250	250	265	280
Sport and Recreation Facilities			—	—	—	—	—	—	—	—	—
Community Assets			42	62	180	200	250	250	250	265	280
Heritage Assets			—	—	—	—	—	—	—	—	—
Revenue Generating			—	—	—	—	—	—	—	—	—
Non-revenue Generating			—	—	—	—	—	—	—	—	—
Investment properties			—	—	—	—	—	—	—	—	—
Operational Buildings			327	482	511	848	627	627	600	635	672
Housing			—	—	—	—	—	—	—	—	—
Other Assets			327	482	511	848	627	627	600	635	672
Biological or Cultivated Assets			—	—	—	—	—	—	—	—	—
Servitudes			—	—	—	—	—	—	—	—	—
Licences and Rights			90	133	—	30	16	16	—	—	—
Intangible Assets			90	133	—	30	16	16	—	—	—
Computer Equipment			—	—	45	91	42	42	—	—	—
Furniture and Office Equipment			8	12	90	166	115	115	6	7	7
Machinery and Equipment			—	—	—	270	250	250	—	—	—
Transport Assets			565	832	312	1,320	994	994	433	459	485
Libraries			—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals			—	—	—	—	—	—	—	—	—
TOTAL EXPENDITURE OTHER ITEMS			101,080	125,736	139,334	122,196	137,169	137,169	153,968	163,139	172,783

#### Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. From the above table it is noted that the amounts allocated to renewal and repairs and maintenance of infrastructure assets equates to 15% of PPE. Furthermore, King Cetshwayo's internally funded capital for 2017/18 accounts for 11% of the total capital budget, most of the capital budget is grant funded mainly through MIG, RBIG and WSIG, which is for backlog eradication.

**Table 16 MBRR Table A10 Basic service delivery measurement**

DC28 King Cetshwayo - Table A10 Consolidated basic service delivery measurement										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		33,337	30,306	30,609	40,337	40,337	40,337	40,741	41,148	41,560
Piped water inside yard (but not in dwelling)		47,988	47,000	47,470	58,065	58,065	58,065	58,646	59,232	59,824
Using public tap (at least min.service level)	2	24,200	22,500	22,725	29,282	29,282	29,282	29,575	29,871	30,169
Other water supply (at least min.service level)	4	—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		105,524	99,806	100,804	127,684	127,684	127,684	128,961	130,251	131,553
Using public tap (< min.service level)	3	8,349	9,930	10,029	10,102	10,102	10,102	10,203	10,305	10,408
Other water supply (< min.service level)	4	—	—	—	—	—	—	—	—	—
No water supply		46,014	35,616	35,972	55,677	55,677	55,677	56,234	56,796	57,364
<i>Below Minimum Service Level sub-total</i>		54,363	45,546	46,001	65,779	65,779	65,779	66,437	67,102	67,773
<b>Total number of households</b>	5	<b>159,887</b>	<b>145,352</b>	<b>146,806</b>	<b>193,464</b>	<b>193,464</b>	<b>193,464</b>	<b>195,398</b>	<b>197,352</b>	<b>199,326</b>
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		33,337	30,306	30,609	40,337	40,337	40,337	40,741	41,148	41,560
Flush toilet (with septic tank)		4,675	4,250	4,293	5,657	5,657	5,657	5,713	5,770	5,828
Chemical toilet		—	—	—	—	—	—	—	—	—
Pit toilet (ventilated)		80,601	83,274	84,107	97,528	97,528	97,528	98,503	99,488	100,483
Other toilet provisions (> min.service level)		—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		118,613	117,830	119,008	143,522	143,522	143,522	144,957	146,407	147,871
Bucket toilet		—	—	—	—	—	—	—	—	—
Other toilet provisions (< min.service level)		41,274	27,522	27,797	49,942	49,942	49,942	50,441	50,946	51,455
No toilet provisions		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		41,274	27,522	27,797	49,942	49,942	49,942	50,441	50,946	51,455
<b>Total number of households</b>	5	<b>159,887</b>	<b>145,352</b>	<b>146,806</b>	<b>193,464</b>	<b>193,464</b>	<b>193,464</b>	<b>195,398</b>	<b>197,352</b>	<b>199,326</b>

**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.



## Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Honourable Speaker, Mayor, Deputy Mayor and the Council Whip, on the administration side it consists of the Municipal Manager and senior officials of the municipality.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

### 2.2 Schedule of Key Deadlines

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2016) a time schedule that sets out the process to revise the IDP and prepare the budget.

The IDP and budget time schedule were tabled in the Budget Steering Committee in August 2016 and was then subsequently submitted to the Financial Services Portfolio Committee, Exco, and Council in August 2016. The Key dates applicable to the process were:

- **August 2016** – The Mayor tables the Schedule of Key deadlines to the relevant Council Committees;
- **September 2016** – Detail departmental budget proposals (capital and operating) submitted to the Budget Office for consolidation and assessment against the financial planning guidelines;
- **January 2017** - Council considers the 2016/17 Mid-year Review in terms of section 72 of the MFMA;

- **February 2017**- Council considers the 2016/17 Adjustments Budget;
- **March 2017**– Multi-year budget proposals are submitted to the Budget Steering Committee for consideration and further deliberation;
- **March 2017**- Tabling in the Financial Services Portfolio Committee, Exco and Council of the draft 2017/18 IDP and 2017/18 MTREF for consideration;
- **April/May 2017** – Public consultation, IDP Roadshows;
- **May 2017**– 2017/18 MTREF, taking into consideration comments received from the public, comments from National and Provincial Treasuries, and updated information from the most recent Division of Revenue Bill and financial framework;
- **May 2017** - Tabling of the final 2017/18 MTREF before Council for consideration and approval.
- **June 2017** - finalisation of the 2017/18 IDP review

There were minor deviations from the key dates set out in the Budget Time Schedule tabled in Council, however, the dates were still within the legislated timelines.

## 2.3 Process For Integration Of The IDP & Preparation Of The Budget

The budget process is integrated with the review of the IDP through the IDP review mechanism. The outcome of consultation feeding into the preparation and review of the IDP is taken into account in the budget process.

Planning and Economic Development arranged alignment forums, of which key outcomes were considered in the review of the IDP and for inclusion in the 2017/2018 Multi-Year Budget Consultation for the preparation of the King Cetshwayo IDP.

## 2.4 Process to Record and Integrate Input from the Community

Planning & Economic Development recorded inputs from the alignment forums and with Road shows have been held in November 2016 in each Local Municipality Area to provide feedback on the tabled Budget / IDP as follows:

- uMfolozi Municipality	- 18 November 2016
- uMlalazi Municipality	- 05 December 2016
- Mthonjaneni Municipality	- 07 December 2016
- Nkandla Municipality	- 06 December 2016
- Amakhosi Roadshow	- 02 November 2016
- Corporate Roadshow	- 03 November 2016
- Government Roadshow	- 01 September 2015
- City of uMhlathuze Roadshow	- 19 November 2016



*Community Members listening attentively during the November 2016 IDP/Budget Roadshows*

## 2.5 Process And Media Used To Provide Information On The Budget And IDP To The Community

Some of the tools used for communicating the Budget/IDP, as contained in the Public Relations / Communication Strategy, are:

- Road shows in uMhlathuze, Mfolozi, Nkandla, Mthonjaneni & uMlalazi Municipalities annually in April during the Budget/IDP comment phase and in October after Council approval of the IDP/Budget
- Monthly external newsletter *IzindabaEzimtoti*
- Monthly internal newsletter *Ezisematheni*
- King Cetshwayo website [www.kingcetshwayo.gov.za](http://www.kingcetshwayo.gov.za)
- Annual Service Commitment Charter booklet published as and when needed
- Annual Report – publication planned for January each year.
- Print media press releases as and when required to local and provincial newspapers
- Adverts in local and provincial newspapers as required
- IDP Representative Forum meetings
- District LED Forum meetings
- District Mayors' Forum meetings



*Her Worship, The Mayor NNP Mkhulisi during the Amakhosi Roadshow in November 2016.*

## 2.6 Alignment Of Budget With IDP

The budget was prepared using the following IDP inputs:

- Situational Analysis
- The outputs of the consultations with the various stakeholders.
- Priority Development Issues
- Strategic approach

The information from the above processes was included in the budget according to the IDP prioritisation model. A preparation of the municipal Integrated Development Plan (IDP) has been prepared for the 2017/18 - 2021/22 as required by the Municipal Systems Act and the MFMA. The document contains information on the following:

- Vision for the King Cetshwayo District Municipality
- Strategic Focus Areas
- Long-term goals or outcomes for the resident communities
- Alignment with national, provincial and district plans
- Consideration of service delivery and funding of housing, health and transport
- Description of prioritisation systems used for allocating resources to objectives
- Amendments to the IDP
- The consultative process undertaken to review the IDP

The Budget Steering Committee has been operational since the inception of the IDP preparation process. The committee acts as a support to the IDP preparation process.

## 2.7 IDP FOCUS AREAS

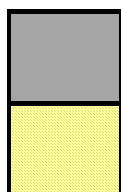
The integrated development approach of the King Cetshwayo District Municipality focuses on the combination of basic needs approach and economic development. As such, the district has been investing in physical, social and economic development aspects. Its investment has been founded on the approach of responding to areas of greatest need and areas with potential for greatest returns in terms of economic development.

The King Cetshwayo District Municipality also focuses on its core functions as referenced in Section 84(1) of the Municipal Structures Act (No. 117 of 1998). The following table provides a summary of only those core functions (shaded areas) for the King Cetshwayo District Municipality:

**POWERS AND FUNCTIONS**

In terms of Circular 8/2008: 2008/09 Capacity Assessments and Recommendations: Adjustment of Powers and Functions between District and Local Municipalities in terms of Section 85 of the Local Government: Municipal Structures Act 1998, the uThungulu Distri

			281	282	283	284	285	286
1	S 84(1)(a)	Integrated development planning for the district municipality including Development Plan for the local municipalities within the area of the District Municipality						
2	S 84(1)(b)	Potable water supply that effects a significant proportion of the municipalities in the district						
3	S 84(1)(C)	Bulk supply of electricity						
4	S 84(1)(d)	Domestic waste-water and sewage disposal system						
5	S 84(1)(e)	Solid waste disposal sites serving the area of the District Municipality as a whole						
6	S 84 (1)(f)	Municipal roads which form an integrated part of a road transport system for the area of the district municipality as a whole						
7	S 84 (1)(g)	Regulation of passenger transport services						
8	S 84 (1)(h)	Municipal airport serving the area of the district municipality as a whole						
9	S 84 (1)(i)	Municipal health serving the area of the district municipality as a whole						
10	S 84 (1)(j)	Fire fighting services for district municipality as a whole						
11	S 84 (1)(k)	Fresh produce markets and (abattoirs) serving the area of the district municipality as a whole						
12	S 84 (1)(l)	Cemeteries and crematoria						
13	S 84 (1)(m)	Promotion of local tourism for the district municipality						
14	S 84 (1)(n)	Municipal public works relating to any of the above function or and other functions assigned to the district municipality						
	S 84 (1)(o)	The receipt, allocation and if applicable distribution of grants made to the district municipality						
16	S 84 (1)(p)	The imposition and collection of taxes, levies and duties as related to the above functions or may be assigned to the District Municipality in terms of national						
18	Sched 4 B	Building regulations						
22	Sched 4 B	Local Tourism						
40	Sched 5 B	Licencing and control of undertakings that sell food to the public						
50	Sched 5 B	Refuse removal, refuse dumps, solid waste disposal and cleansing services						



Allocated functions to the District

Functions omitted from existing enactment in terms of Extraordinary Provincial Gazette of KZN Vol3 No 299 dated 30 June 2009

## 2.8 IDP Strategic Objectives

The above is compartmentalized into the following eleven development strategies for the district:

STRATEGIC PRIORITIES	PROGRAMMES
<b>Municipal Transformation and Organisational Development.</b>	
	Human Resource Development
	Information & Communication Technology Services
	Administrative Services
	Individual Performance Management
	Organisational Performance Management
	Institutional Development
	Integrated Development Planning
<b>Municipal Financial Viability and Management.</b>	
	Financial management
	Budgeting and reporting
	Revenue Enhancement
	Expenditure control
	Improved Audit Opinion
<b>Good Governance and Public Participation.</b>	
	Public Relations & Communications
	Intergovernmental Relations
	Public Participation
	Batho Pele Principles
	Community Participation
	Nation-building and good governance.
	Improved Ward Information
<b>Infrastructure Development and Service Delivery.</b>	
	Electricity & Alternative Energy
	Regional Solid Waste
	Regional Cemeteries and Crematoria
	Municipal Roads and Public Transport Services
	Municipal Airports
	Municipal Public Works
	Regional Fresh Produce Market
	Abattoir
	ICT Infrastructure
	Rail Networks
	Harbour

STRATEGIC PRIORITIES	PROGRAMMES
<b>Basic Services Provision</b>	
	Access to Water (Potable Water and Waste Water)
	Access to Sanitation
	Potable Water, Waste Water and Sanitation
	Drought relief
	Upgrading of Water Services Networks
	Water Services Authority and Planning
	Access to Electricity (Energy)
	Access to Solid Waste (Regional Solid Waste)
	Regional Cemeteries and Crematoria
	Free Basic Services
	Improved access to basic services
	Improved access to Free Basic Services
<b>Local Economic Development</b>	
	Local Economic Development
	Local Economic Development of prioritised groups
	Local Tourism Development
	Agricultural Development
	Business and Industrial Development
	Community Work programme implemented and cooperatives supported
<b>Sustainable Human Settlement &amp; Land Management</b>	
	Internal Fixed Assets
	Spatial Planning & Development
	Nodal Planning & Development
	Land Use Management
	Land Reform
	Housing
<b>Human Resource Development</b>	
	Education
	Skills Development
<b>Rural Development &amp; food security</b>	
	Sustainable Livelihoods
	Rural development
	Agrarian Reform



STRATEGIC PRIORITIES	PROGRAMMES
<b>Community Development &amp; Social Services</b>	
	Municipal Health
	Air Quality Management
	Safety & Security
	Crime Prevention
	Community, Service, Facilities and Actions
	Sport & Recreation Programme
	Disaster Management
	Marginalised Groups
	HIV/AIDS
	Culture, Arts & Heritage
<b>Environmental &amp; Resource Management</b>	
	Integrated Environmental Management
	Coastal Management
	Responses to Climate Change

The 2017/2018 MTREF has therefore been directly informed by the above strategic objectives and the IDP.

## 2.9 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

### 2.9.1 PROVISION OF CLEAN WATER AND MANAGING WASTE WATER

King Cetshwayo District Municipality is a Water Services Authority (WSA) in terms of the Minister's determination of the municipal powers and function in terms of section 84 (b) and (d) of the Municipal Structures Act, Act 117 of 1998. The WSA functions are clearly defined in chapter 3 of the Water Services Act, Act 108 of 1997.

The WSA function status is only applicable to the four local municipalities namely;

Mfolozi Municipality	KZ 281
uMlalazi Municipality	KZ 284
Mthonjaneni Municipality	KZ 285
Nkandla Municipality	KZ 286

Based on the aforementioned functions, a detailed Water Services Development Plan (WSDP) was prepared indicating the challenges facing the municipality. King Cetshwayo is predominantly rural with only 20% being urban incorporating surrounding townships. The backlogs are reflected below;

#### Water Supply Backlog based on the 2011 census data

Basic Service	Number of Households (HH) with access	Number of HH without access	Backlog in Percentage based on 2011 Stats of 116 367 HH in the District
Access to Water	73213	43154	37
Access to Sanitation	79523	36844	32

Based on the table above, it is clear that the municipality is faced with the challenge of ensuring that the 37% (43154) households that have now been provided with water or have access to piped water and enjoys uninterrupted service.

To successfully achieve this mammoth task, the WSA undertook a Section 78 capacity assessment as prescribed in the Municipal Systems Act, Act 32 of 2000. This was done to assess the capacity of all local municipalities to ascertain if they would be able to undertake the Water Services Provider (WSP) function.

The outcome of this service indicated that all five municipalities would not be able to manage water services provision function within the extended areas. It be noted that the previous town councils only had capacity and resources to provide water services within their old boundaries. The newly established wall to wall municipalities resulted in massive extensions of the municipal boundaries with the inclusion of vast rural areas with limited infrastructure.

The 73213 households receive water from over 250 water schemes. These water projects receive water from the following sources: boreholes, springs, rivers through weirs, dams and from bulk pipeline from other neighbouring municipalities.

Access to sanitation stands at 79523 of household served by rural sanitation (VIP) as well as water borne sewerage systems in urban areas except for Mbonambi Town which is entirely on septic tanks. That means our sanitation backlog is about 36844 households representing 32%.

#### 2.9.2 WATER SERVICES PROVIDER STATUS

In view of the fact that all local municipalities did not have capacity to undertake the WSP function, King Cetshwayo entered into a service level agreement with the local municipalities, excluding KZ 282 to

provide the WSP function for their entire respective servicing areas. This required that the municipality provide all resources and capacity to ensure that all systems were operational.

To achieve this successfully, King Cetshwayo opted for the services of a service support agent (SSA) for rural schemes. Currently in the year ahead, King Cetshwayo has budgeted R123m for the WSP function. The town supply schemes are operated and managed by UDM. King Cetshwayo appointed the service of a service support agent WSSA.

In addition to the maintenance of rural schemes, the municipality is also responsible for the maintenance of rudimentary water supply facilities such as boreholes, standard developments schemes and protected localized springs which do not have piped network due to low yields.

In areas where boreholes and springs have dried up and where there is no prospect of groundwater, the municipality provide water with water tankers. As alluded earlier in the book, this cost has been increasing annually and no funding has been forthcoming from National and Provincial Government.

### **2.9.3 WATER QUALITY ISSUES**

The municipality is taking the water quality issue very seriously. From last year, the municipality started to make budget provision to address water quality issues. Currently water quality is managed based on the Department of Water Affairs guidelines. These guidelines were reviewed in April 2009 to conform to the SANS 241 standard (blue and green drop). With the introduction of the blue drop performance rating, this standard was improved to only consider water conforming to the class 1 classification.

King Cetshwayo is doing internal monitoring by sampling all its water schemes on a monthly basis and submit those results to DWA through an electronic reporting system. In addition to this, all water plants are equipped with chlorine test meters. The samples are taken on a daily basis for chlorine level monitoring. This also includes the turbidity testing. Most of King Cetshwayo water quality has always been above the 80% compliance. The bulk failures are received from boreholes and spring sources mostly in areas without electricity.

#### **❑ EFFLUENT QUALITY**

The effluent samples are taken on a monthly basis and the results are submitted to DWA.

These systems are in Eshowe Town and at Melmoth. Most of the failure are on the oxidation ponds where excessive growth of vegetation has occurred.

#### **❑ WATER SAFETY PLAN**

Previously the municipality did not have a water safety plan as this was not compulsory. A budget provision was made available in the 2012/13 financial year with similar provisions made in the outer years. In March 2012, a draft water safety plan was sent to the Department of Water Affairs for approval.

It is important to state that all designs of bulk schemes had been based on 36 to 48hr storages. Since 2006, the municipality has embarked on a strategy to move away from unreliable local sources such as boreholes and springs as they are susceptible to groundwater fluctuations and are the first points of failure during drought.

#### **❑ PROBLEMS EXPERIENCED BY THE MUNICIPALITY**

- Huge number of backlogs still to be addressed by the municipality
- Ageing infrastructure in the towns
- Vast areas without water requiring carting of water by tankers
- Diminishing groundwater causing boreholes to dry or affecting water quality
- Negative impact on water supply due to high demand arising from excessive garden watering due to the "One House One Garden" which is a National Government campaign.
- Lack of metering in rural areas
- Vandalism of infrastructure by some community members
- Persistent drought in the district which has necessitated restrictions on the supply of water in some areas as well as interventions such as transporting water by water tankers, which is costly.
- Serious illegal water abstraction and abuse
- Insufficient funds for proper asset management

- Lack of capacity
- Serious challenges with the management of the Support Service Agent contract.

❑ **STEPS TO ADDRESS THE ABOVE PROBLEMS**

All the problems reflected above are covered in detail in the WSDP. The main intervention required to fast track the eradication of these problems is the topping up at least 30% of MIG funding to cover the increasing operational cost.

It should also be noted that as the new infrastructure is implemented, more funding is required for the operation and maintenance of these assets. King Cetshwayo has written a letter to the National Planning Commission requesting a policy review on MIG funding to address the operation and maintenance issues.

## **2.9.4 WATER CONSERVATION AND WATER DEMAND MANAGEMENT (WC/WDM)**

King Cetshwayo District Municipality has taken the issue of WC/WDM seriously. Council has approved the Water Conservation and Water Demand Management Strategy for King Cetshwayo and its implementation is underway. In pursuance of this, a new section known as Water Use Efficiency (WUE) has been created and tasked with the responsibility of implementing the strategy. This section is headed by a Senior Manager. The first priority is to determine the level of non-revenue water and set targets to reduce based on the WC/WDM plan.

A service provider has been appointed to carryout analysis of various systems and do zoning and installation of bulk meters for the purpose of water balances. Another service provider has been appointed to replace conventional meters with smart meters and to carryout leak repairs in the customers' properties. These repairs will be a once off activity. Thereafter, our customers will be expected to manage their leaking appliances. In areas where we are experiences high rate of defaulters, the smart meters will be put of pre-paid mode.

## **2.9.5 PERFORMANCE INDICATORS AND BENCHMARKS**

### **2.9.5.1 Borrowing Management**

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. In this regard the Municipality has been independently rated by Global credit rating co. for the past three years and has received an A- rating for its long term credit worthiness. This is indicative of high certainty of timely payment and liquidity factors that are strong and supported by good fundamental protection factors. As with all other municipalities, King Cetshwayo District Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. As alluded to in table A6 above, the municipality has settled an INCA bullet loan early, amounting to R21 m thereby reducing overall borrowings and lowering gearing..

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to monitored to ensure we maintain a healthy gearing ratio.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet

its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. Cognisance must be taken of the impact borrowings will have on future tariffs for service charges.

2.9.5.5 Employee costs as a percentage of operating revenue remains fairly stable over the MTREF, with 31% in 2017/18, 31% in 2018/19 and 31% for the 2019/20 financial year. This is primarily owing to the increases in services charges being aligned to inflationary targets which determine the increase in expenses inclusive of employee costs.

#### **2.9.6 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Council. With the exception of water, only registered indigents qualify for the free and subsidised services.

For the 2017/18 financial year approximately 2400 registered indigents have been provided for in the budget with this figure increasing to 2600 by 2017/18. In terms of the Municipality's indigent policy registered households are entitled to 10k fee water, and subsidised sanitation costs.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the statistics for free water supplied.

## **2.10 Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The Budget related policies of the municipality have been reviewed with assistance from the Norms and Standards unit in the Provincial Treasury. These policies have been taken to the Rules Committee and will be taken to Exco and Council for final approval together with the final 2017/2018 multi year budget on the 25<sup>th</sup> May 2017. These policies are as follows;

- Incentive Policy
- Indigent Policy
- Investment and Banking Policy
- Property, Plant and Equipment
- Tariff Policy
- Credit Control and Debt collection Policy (Bylaws)
- Virement Policy
- Budget policy
- Long Term Financial Planning Policy
- Funding & Reserves Policy
- Borrowing Policy
- Supply Chain Management
- Creditors and Employee Related Payments Policy
- Fleet Management Policy

## **2.11 Legislation compliance status**

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

### **2.11.1 In year reporting**

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved.

### **2.11.2 Internship programme**

The Municipality is participating in the Municipal Financial Management Internship programme and has employed a total of over twenty interns since the inception of this programme. Currently there are five in the employ of the municipality, all these interns have finished Certificate in Municipal Development Programme through Wits Business School.

### **2.11.3 Budget and Treasury Office**

The Budget and Treasury Office has been established in accordance with the MFMA. This Office is headed by a permanently employed Chief Financial Officer.

**2.11.4 Audit Committee and Municipal Public Accounts Committee**

An Audit Committee and the Municipal Public Accounts Committee has been established and is fully functional.

**2.11.5 Service Delivery and Implementation Plan**

The detail SDBIP document is at a draft stage and will be finalised after approval of the final budget and is directly aligned and informed by the 2017/18 MTREF. The draft SDBIP will be finalised in terms of Section 53(1) of the MFMA.



## OFFICE OF THE MUNICIPAL MANAGER : 2017/2018

## COMPONENT 3 - QUARTERLY PROJECTIONS OF SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS FOR EACH VOTE

Item no:	OPMS Indicator no:	DGDP Ref:	Implementation Plan Ref:	PERFORMANCE TARGET	UNIT OF MEASUREMENT	BASELINE 2016/2017	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE		BUDGET ALLOCATION FOR 2016/2017	BUDGET REMAINING AT YEAR END
								TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL		
1				MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT													
1.1	1.1.4, 1.1.5	2.2; 6.2, 6.4	Internal	Ensure the Skills Development of targeted Staff (300) and Councillors (20) in accordance with the WSP by 30 June 2018	Number of Staff trained	300	75		75		75		75				
					Number of Councillors trained	20	5		5		5		5				
1.2	Internal	6.2; 6.4	Internal	Ensure Compliance to the Employment Equity Plan for the 2016/2017 financial year by appointing and skilling the Employment Equity Manager and reviewing the Employment Equity targets by 30 September 2016	Date of appointment and the skilling of the Employment Equity Manager	30-Sep-17	30-Sep-17										
					Date of Review of the Employment Equity Targets for the 2017/2018 financial year.	30-Sep-17	30-Sep-17										
Ensure effective functioning of the Employment Equity Committee by allocating budget for the implementation of the Employment Equity Plan and the development of the Diversity Management Plan.				Percentage allocation of budget for the implementation of the Employment Equity Plan and the development of Diversity Management Plan.	100%	100%		100%		100%		100%		100%			
				Date of approval of Final Diversity Management Plan by Council	30 June 2018					30 June 2018							
1.4				Ensure annual report to Council and to the Department of Labour on the achievements set out in the Employment Equity Plan.	Date of submission of EEA2 and EEA4 to DOL.	31-Jan-18					31-Jan-18						

1.5	4.1.1	6.3, 6.4		Ensure the implementation of MSCOA by 30 June 2018	Date of implementation of MSCOA		30-Jun-18							30 June 2018			
2	BASIC SERVICE DELIVERY																
2.1	5.2.2	6.4	MM5.10	Conduct community satisfaction survey to establish the perceptions of the district's performance and service rendering and report to Council by 30 June 2018	Date of submission of community satisfaction survey report to Council	New	30-Jun-18							30-Jun-18			
3	LOCAL ECONOMIC DEVELOPMENT																
3.1	7.1.1	6.4	MM5.2	Enhance Stakeholder Relations by meeting with external stakeholders at least once per quarter to secure funding for community initiatives	Number of stakeholder relations meeting held		4	1		1		1		1			
4	FINANCIAL VIABILITY AND MANAGEMENT																
4.1	4.1.1, 4.8	6.3, 6.4	Internal	Ensure a financially sustainable district by efficiently and effectively spending of all allocated grants by 30 June 2018	Percentage spent on CAPEX		100%	10%		30%		60%		100%			
					Percentage spent on OPEX		100%	10%		30%		60%		100%			
4.2	4.1.1, 4.1.2	6.3, 6.4	Internal	Ensure 100% compliance with MFMA in accordance with the MFMA Dashboard	Percentage of MFMA compliance according to MFMA Dashboard	100%	100%	100%		100%		100%		100%			
4.3	4.1.2	6.3, 6.4	Internal	Maintain an Unqualified Audit opinion for the 2016/2017 financial year.	Attainment of unqualified Audit opinion	Unqualified Audit Report	Unqualified Audit Report					Unqualified Audit Report					

					Percentage of Internal Audit findings addressed		100%	100%		100%		100%				
4.4	4.2.1, 4.2.2, 4.2.3	6.3, 6.4	Internal	Ensure financial sustainability and viability of the organisation by maintaining the cost coverage and the outstanding service debtors to revenue quarterly and the debt coverage ratio bi-annually.	Debt coverage ratio		17.00			17.00				17.00		
					Outstanding debtors to revenue ratio		0.8							0.8		
					Cost coverage ratio		3.00	3.00		3.00		3.00		3.00		
4.5	4.4	6.3, 6.4		Ensure the implementation of revenue enhancement strategies by ensuring that 84% of debt is collected quarterly.	Percentage debt collection		84%	84%		84%		84%		84%		
4.6	4.5	6.3, 6.4		Ensure that 84% of payments are processed in line with the approved payment process.	Percentage of invoices paid within 30 days from receipt of invoices, statements, and credible, accurate and reliable payment documentation submitted timeously from user departments		84%	84%		84%		84%		84%		
4.7	4.7	6.3, 6.4	Internal	Ensure that 100% of conditional grants and subsidies are spent by 30 June 2017	Percentage of grants and subsidies spent		100%	30%		60%		75%		100%		
4.8	4.5	6.3, 6.4		Ensure at least 90% spend on the quarterly allocated annual operating budget per quarter	Percentage of the annual operating budget spent per quarter.		100%	22.5%		45%		67.5 %		90%		
5	GOOD GOVERNANCE															
5.1	Internal	Internal	Internal	Conduct weekly, monthly and quarterly meetings, in preparation of Clean Audit 2018, with staff and political leadership to improve information sharing and communicate policies	Number of weekly MANCO meetings held		48	13		11		11		13		
					Percentage of MANCO meetings chaired		80%	80%		80%		80%		80%		
					Number of quarterly staff meetings held		4	1		1		1		1		

				and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities.	Number of Leadership meetings held		24	7		5		5		7			
					Number of quarterly meetings with the Deputy Municipal Managers		4	1		1		1		1			
5.2	Internal	6.2, 6.4	Internal	Enhance tracking of the implementation of ExCo and Council resolutions within 30 days after Council meeting and submit quarterly report on council actions and timelines to MPAC.	Percentage of resolutions actioned within 30 days after Council meeting.		80%	80%		80%		80%		80%			
					Number of Actions and Timelines quarterly reports to MPAC		4	1		1		1		1			
5.3	5.1.1, 5.1.2	6.2, 6.4	Internal	Improve Intergovernmental Relations with all local municipalities in the District by convening Intergovernmental Forums quarterly.	Number of Quarterly Municipal Manager's Forum meetings convened		4	1		1		1		1			
					Number of Quarterly Mayor's Forum meetings facilitated		4	1		1		1		1			
5.4	5.2.3	6.2, 6.4	MM5.6	Ensure the hosting of the Annual State of the District Address by 30 June 2018.	Date of SODA		30-Jun-18							30-Jun-18			
5.5	5.2.1	6.2, 6.4	MM5.10	Conduct 2 rounds of IDP Roadshows per local municipality as part of the public participation and consultation process of the IDP by 30 June 2018.	Number of IDP Roadshows		14			7				7			
5.6	5.3.1, 5.3.2	6.2, 6.4	Internal	Ensure the implementation of the Performance Management Framework for 2017/2018 through the measurement, reporting and assessment of performance of the municipality as an institution. Ensure oversight functionality by conducting quarterly and annual audits by Internal Auditor and AG on performance management information in	Number of Performance Agreements signed by 31 July 2017		6	6									
					Date of completion of Annual 2016/2017 Performance Assessment		31-Dec-17			31-Dec-17							
					Date of submission of 2016/2017 Assessment Results to PAC		31-Dec-17			31-Dec-17							
					Number of consolidated quarterly SDBIP reports to EXCO		4	1		1		1		1			
					Date of completion of Quarter 1 Performance Assessment		31-Dec-17			31-Dec-17							

				preparation for Clean Audit 2018.	Date of completion of Quarter 2 Performance Assessment		31-Mar-18					31-Mar-18					
					Date of completion of Quarter 3 Performance Assessment		30-Jun-17						30-Jun-17				
					Number of Quarterly Internal Audit Reviews		4	1		1		1		1			
					Date of submission of 2016/2017 Annual Performance Report to AG		31-Aug-17	31-Aug-17									
					Date of submission of Mid-Year Performance Report to Council		25-Jan-18					25-Jan-18					
					Date of approval of 2017/2018 Performance Agreements by Council		30-Jun-18						30-Jun-18				
					Date of approval of 2017/2018 SDBIP by Council		30-Jun-18						30-Jun-18				
					Date of approval of 2017/2018 OPMS Scorecard by Council		30-Jun-18						30-Jun-18				
5.7	5.3.1	6.2; 6.4	Internal	Promote accountability of employees and organisation in using resources and ensuring that implementation objectives of the SDBIP are met.	Percentage of achievement on organisational SDBIP performance targets set		80%	80%		80%		80%		80%			
5.8	5.4.1 ;5.4.2	Internal	Internal	Promote a performance management culture by ensuring cascading of performance management to all Senior Managers of uThungulu by 30 June 2018.	Date of review of PMS Policy		30-Jun-18						30-Jun-18				
					Date of review of PMS Framework		30-Jun-18						30-Jun-18				
					Date of completion of Senior Managers' scorecards		30-Jun-18						30-Jun-18				
5.9	5.5.1, 5.5.2	6.2; 6.4	Internal	Ensure compliance to the Back 2 Basics Programme by ensuring submission of monthly reports to DCOG and	Number of B2B reports submitted to DCOG by the specified date		12	3		3		3		3			

				quarterly to KZN CoGTA by the specified dates.	Number of B2B reports submitted to KZN CoGTA by the specified date		4	1		1		1		1			
5.10	Internal	Internal	Internal	Conduct at least 4 Municipal Public Accounts Committee (MPAC) meetings to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality in preparation of Clean Audit 2018.	Number of quarterly MPAC meetings		4	1		1		1		1			
<b>6. CROSS CUTTING</b>																	
6.1	5.9	6.2, 6.4	Internal	Ensure the Approval of the 2017-2022 IDP by 30 June 2018	Date of submission of Draft IDP to Council		31-Mar-18					31-Mar-18					
					Date of approval of Final IDP by Council		30-Jun-18							30-Jun-18			
6.2	6.1.1	6.2, 6.4	Internal	Ensure the implementation of the Spatial Planning and Land Use Management Act (SPLUMA) and the roll-out thereof to local municipalities by 30 June 2018.	Date of roll out of SPLUMA by 30 June 2017		30-Jun-18							30-Jun-18			
6.3	7.1.1	6.2, 6.4	MM1.1	Ensure the implementation of the Integrated District Education Programme through the hosting of the Annual Matric Achievers Awards by 31 January 2018.	Date of Annual Matric Achievers Awards		31-Jan-18					31-Jan-18					
6.4	Internal	6.2, 6.4	MM5.10 ; MM2.2	Facilitate district Clean up campaigns with the local municipalities by 30 June 2018.	Number of clean up campaigns conducted by 30 June 2018		4	1	-	1		1		1			

## DEPARTMENT OF THE DEPUTY MUNICIPAL MANAGER: TECHNICAL SERVICES: 2017/2018

## COMPONENT 3 - QUARTERLY PROJECTIONS OF SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS FOR EACH VOTE

Item no:	OPMS Indicator no:	DGDPR Ref:	Implementation Plan Ref:	PERFORMANCE TARGET	UNIT OF MEASUREMENT	BASELINE 16/17	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
								TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
1			TECHNICAL EXECUTIVE												
1.1	4.1.1	6.1 ; 6.2	Internal	Ensure 100% expenditure on CAPEX, OPEX, WSIG, RBIG and MIG annual expenditure programmes with no over-expenditure by 30 June 2018	Percentage of budgeted amount expenditure on OPEX		100%	10%		30%		60%		100%	
					Percentage of budgeted amount expenditure on CAPEX		100%	10%		30%		60%		100%	
					Percentage of budgeted amount expenditure on WSIG		100%	10%		45%		65%		100%	

					Percentage of budgeted amount expenditure on RBIG	100%	10%	45%	65%	100%
					Percentage of budgeted amount expenditure on MIG	100%	20%	45%	70%	100%
1.2	5.5.1, 5.5.2	6.1	Internal	Submit the Monthly Back to Basics report and Quarterly Back to Basics report to the Office of the Municipal Manager by the date specified by the PMS Office	Number of Back to Basics Monthly reports submitted	12	3	3	3	3
					Number of Back to Basics Quarterly reports submitted	4	1	1	1	1
1.3	4.3	6.2; 6.3; 6.4	F4.1	Ensure the submission of assets for updating of the Fixed Asset Register for the Technical Services Department by submitting details of new assets to the Asset Department within 60 days after the completion of the project.	* Percentage of assets submitted for capturing on asset register	100%	100%	100%	100%	100%
1.4	1.1.3, 1.1.4	6.2	Internal	Develop a Competency Plan for Senior Managers within the department by 31 December 2018	Date of completion of Competency Plan	31-Dec-17		31-Dec-17	-	-
					Staff identified for training as per the competency plan	31-Dec-17		31-Dec-17	-	-
1.5	5.3.1, 5.3.2	6.2	CS 3.4	Ensure the cascading of effective Performance Management System by 30 June 2017	Date of completion for the development of Performance Plans for all Senior Managers within the Technical Services	31-Dec-17		31-Dec-17		



					Department														
					Date of Performance Assessments for Senior Managers		31 March 2018 & 30 June 2018					31-Mar-18				30-Jun-18			
2					MUNICIPAL STANDARD CHARTS OF ACCOUNTS (MSCOA)														
2.1	Internal	4.4; 6.1, 6.2, 6.3, 6.4	Internal	Ensure attendance to quarterly MSCOA steering committee meetings by DMM and monthly MSCOA meetings by Senior Managers	Number of monthly MSCOA meetings attended by Senior Managers	12	3		3			3				3			
					Number of MSCOA Steering Committee meetings attended by DMM	4	1		1			1				1			
3				BUDGET PLANNING															
3.1	4.1.1	6.2	Internal	Ensure the implementation of the 2017/2018 Procurement Plan by reporting quarterly on the progress made to the Portfolio Committee by the 2nd PC after quarter ends.	Number of quarterly procurement progress reports	4	1		1			1				1			

4 BUDGETING AND REPORTING													
4.1	4.1.1	6.2	Internal	Prepare and submit monthly budget reports for the department and report to the Budget and Treasury Office by the due dates stipulated from the Budget Office	Number of budget reports submitted to the Budget and Treasury Office by the due dates stipulated from the Budget Office		11	2		2		4	3
4.2	4.1.1	6.2	Internal	Ensure at least 90% spend on the quarterly allocated annual operating budget per quarter	Percentage of the annual operating budget spent per quarter.		90%	22.5%		45%		67.5%	100%
5 EXPENDITURE CONTROL													
5.1	4.5	6.2	Internal	Ensure payments certificates are submitted to Expenditure within 5 working days of receipt	Percentage of payment certificates submitted to expenditure section		100%	100.0%		100%		100.0%	100%
6 WATER SERVICES													
6.1	2.1.2	Internal	6.1.3	Implement the Capacitation Plan for the Urban Component by 30 June 2017 as per Section 78 assessment and report quarterly progress to the portfolio committee by the 2nd PC meeting after quarter ends.	Date of tender advertisement								
					Date of appointment of service providers		31-Mar-17					31-Mar-17	

				Number of progress reports to portfolio by the 2nd PC meeting after quarter ends		4	1	1		1		1	
7			<b>MUNICIPAL INFRASTRUCTURE IMPLEMENTATION</b>										
7.1	2.4.1, 2.4.2, 2.4.3	4.5	T4.12, T4.15, T4.17, T4.18, T4.19, T4.20, T4.21, T4.23, T4.25	Ensure the eradication of backlogs in the district by providing 2000 new households with access to basic water services. Report quarterly to the Technical Portfolio Committee by the 2nd PC meeting after quarter ends on the number of households with access to water as well as the new water connections.	Percentage of households with access to basic water	68.43 %	67.14%	67.57%		68.00%		68.43%	
					Number of households with access to basic water	79639	78139	78639		79139		79639	
					Number of new water connections	2 000	500	500		500		500	
					Number of progress reports by the 2nd PC meeting after quarter ends	4	1	1		1		1	
7.2	2.5.1, 2.5.2, 2.5.3	4.5	T4.82, T4.83, T4.84, T4.85, T4.86	Ensure the eradication of backlogs in the district by providing 5000 new households with access to free basic sanitation. Report quarterly to the Technical Portfolio Committee by the 2nd PC meeting after quarter ends on the number of new sanitation connections as well as households with access to free basic	Percentage of households with access to basic sanitation	87.08 %	83.85%	84.73%		86.00%		87.08%	
					Number of households with access to sanitation services	10133 4	97584	98834		100084		101334	

				sanitation.	Number of new sanitation connections	5 000	1 250	1 250	1 250	1 250
					Number of progress reports by the 2nd PC meeting after quarter ends	4	1	1	1	1
7.3	4.8	6.1, 6.4	Internal	Implement Regional Cemetery upgrades as part of Phase II D through the construction of a new fence and gate by 30 June 2018.	Finalisation of the appointment of service provider	31-Mar-17			31-Mar-17	
					Percentage completion of regional cemetery upgrades	50%	10%	30%	40%	50%
					Number of progress reports by the 2nd PC meeting after quarter ends	4	1	1	1	1
7.4	2.1.1	4.5	T4.50 to T4.54	Commence with the upgrade of the water and waste water services network repairs in Nkandla, Melmoth, Mtunzini, Mbonambi and Gingindlovu and report quarterly progress to the Portfolio Committee by the 2nd PC meeting after quarter ends.	Percentage completion of prioritized Mtunzini network repairs	100%	10%	30%	60%	100%
					Percentage completion of prioritized Melmoth network repairs	100%	10%	30%	60%	100%
					Percentage completion of prioritized Mbonambi network repairs	100%	10%	30%	60%	100%

					Percentage completion of prioritized Gingindlovu network repairs		100%	10%		30%		60%		100%	
					Percentage completion of prioritized Nkandla network repairs		100%	10%		30%		60%		100%	
					Number of reports to portfolio by the 2nd PC meeting after quarter ends		4	1		1		1		1	
7.5	3.2.2	1.3	T1.21	Ensure the functioning of EPWP Incentive projects within the uThungulu District by creating 600 new jobs under projects being implemented for the 2017/2018 financial year. Report quarterly statistics to the portfolio committee by the 2nd PC meeting after quarter ends.	Number of new jobs created		600	150		150		150		150	
					Number of progress reports to portfolio by the 2nd PC meeting after quarter ends		4	1		1		1		1	
8				OPERATIONS MAINTENANCE AND MONITORING											
8.1	2.2.1	6.4	Internal	Maintain the Regional Solid Waste Site as well as the transfer station in order to ensure effective operation of the sites by ensuring compliance with the permit conditions. Submit quarterly report to the portfolio committee by the 2nd PC meeting after quarter ends	Number of compliance monitoring committee meetings held		4	1		1		1		1	
					Number of quarterly compliance Internal Audit report		4	1		1		1		1	

					Number of progress reports by the 2nd PC meeting after quarter ends		4	1		1		1		1	
8.2	Internal	3.2	T6.9	Ensure improved health and safety conditions by implementing recommendations made by the Occupational Health and Safety Committee within the budget by 30 June 2018. Submit quarterly report to PC by the 2nd PC meeting after quarter ends.Submit OHS Annual expenditure report to Council by the 30 June 2018.	Percentage of budget spent within 2017/2018 financial year addressing OHS problems identified in 2016/2017 financial year by OHS Committee		50%	15%		25%		35%		50%	
					Number of reports submitted to PC by 2nd PC meeting after quarter ends		4	1		1		1		1	
					Date of OHS Annual expenditure report to Council		30-Jun-18						30-Jun-18		
9	WATER AND WASTE WATER (PROCESS SECTION)														
9.1	2.4.1; 2.4.2; 2.4.3	4.5	T5.4	Improve the quality of drinking water by 15 % for all water treatment plants by 30 June 2018	Percentage Compliance to SANS 241 : 2015		85%	70%		75%		80%		85%	
				Submit quarterly report on improvement to PC by the 2nd PC meeting after quarter ends	Number of reports to the PC by the 2nd PC meeting after quarter ends.		4	1		1		1		1	
9.2	2.5.1; 2.5.2; 2.5.3	4.5	T5.5	Improve quality of waste water by 15 % for all waste water treatment plants by 30 June 2018	Percentage Compliance to General Authorisation Standards/ Works Licence		50%	35%		40%		45%		50%	

				Submit quarterly report on improvement to PC by the 2nd PC meeting after quarter ends	Number of reports to the PC by the 2nd PC meeting after quarter ends.		4	1		1		1		1	
<b>10</b>	<b>WATER USE EFFICIENCY</b>														
10.1	2.4.1	4.5	T4.32, T4.56	Ensure the implementation of the UDM Water Conservation Demand Management Strategy by installing 2000 replacement meters by 30 June 2018.	Number of replacement meters installed		2000	500		500		500		500	
10.2	2.4.1	4.5	T4.40	Repair 100% of identified household leaks by 30 June 2018 and report quarterly progress to the Technical Services Portfolio Committee by 2nd PC meeting after quarter ends	Percentage of leaks repaired		100 %	100%		100%		100%		100%	
					Number of progress reports by the 2nd PC meeting after quarter ends		4	1		1		1		1	

## DEPARTMENT OF THE DEPUTY MUNICIPAL MANAGER: FINANCIAL SERVICES: 2017/2018

## COMPONENT 3 - QUARTERLY PROJECTIONS OF SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS FOR EACH VOTE

Item no:	OPMS Indicator no:	DGBP Ref:	Implementation Plan Ref:	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	BASELINE 16/17	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
								TARGE T	ACT UAL	TARGE T	ACTUAL	TARGET	ACTUA L	TARGET	ACTUAL
1	FINANCE EXECUTIVE														
1.1	5.5.1, 5.5.2	6.1	Internal	Submit the Monthly and Quarterly Back to Basics report to the Office of the Municipal Manager by the specified date and submit quarterly Back to Basics report except where Finance is reliant on Technical Services department for information.	Number of Back to Basics Monthly reports submitted	12	12	3		3		3		3	
					Number of Back to Basics Quarterly reports submitted	4	4	1		1		1		1	
1.2	1.1.3, 1.1.4	6.2	Internal	Develop a Competency Plan for Senior Managers within the department by 31 December 2017	Date of completion of Competency Plan	New					-	-	-		
					Staff identified for training as per the competency plan	New					-	-	-		
1.3	5.3.1, 5.3.2	6.2	CS 3.4	Ensure the cascading of effective Performance Management System by 30 June 2017	Date of completion of the development of Performance Plans for all Senior Managers within the Financial Services Department	New									
					Performance Assessments of Senior Managers	New					31-Mar-18		30-Jun-17		
1.4	1.1.1.	6.2	Internal	Ensure the allocation of budget for the Diversity Management and Equity Plan per quarter.	Percentage allocation of budget for the implementation of the Diversity Management and Equity Plan	New	100%	100%		100%		100%		100%	
2	MUNICIPAL STANDARDS CHARTS OF ACCOUNTS (MSCOA)														



2.1				Ensure attendance to quarterly MSCOA meetings by DMM and monthly MSCOA meetings by Senior Managers	Number of monthly MSCOA meetings attended by Senior Managers	New	12	3		3		3		
2.2	Internal	4.4 6.1, 6.2, 6.3, 6.4	Internal		Number of MSCOA Steering Committee meetings attended by DMMs	New	4	1		1		1		1
3				<b>BUDGET PLANNING</b>										
3.1	4.1.1	6.2	Internal	Ensure the implementation of the 2017/2018 Procurement Plan by reporting quarterly on the progress made to the Portfolio Committee by the 2nd PC after quarter ends.	Number of quarterly procurement progress reports to portfolio by the 2nd PC after quarter ends	New	4	1		1		1		1
4				<b>EXPENDITURE CONTROL</b>										
4.1	4.5	6.2	Internal	Ensure payments certificates are submitted to Expenditure Section within 5 working days of receipt	Percentage of payment certificates submitted to the expenditure section	New	100%	100%		100%		100%		100%
5				<b>BUDGETING AND REPORTING</b>										
5.1	4.1.1	6.2, 6.3	Internal	Prepare and submit final 2017/2018 budget to Council for approval by 31 May 2017 in terms of section 24 (1) of the MFMA and to Provincial and National Treasury by 14 June 2017 as per the budget regulation section 35 (a) of Government Gazette No 32141.	Date of Submission of Budget time schedules to Council	25-Aug-15	31-Aug-17	31-Aug-17						
					Date of Submission of Draft Budget to Council	16-Mar-16	31-Mar-18				31-Mar-18			
					Date of approval of Final Budget by Council	25-May-16	31-May-18						31-May-18	
					Date of submission to NT and PT	08-Jun-16	14-Jun-18						14-Jun-18	
5.2	4.1.1	6.2, 6.3	Internal	Prepare and submit the Mid-Year Financial Review of the 2016/2017 budget to the Mayor by 25 January 2018 in terms of section 72 (1) of	Date of submission of S72 report to Mayor	14-Jan-16	25-Jan-18				25-Jan-18			

				the MFMA and Provincial and National Treasury immediately after the submission to the Mayor as per budget regulation section 24 (3) of Government Gazette No 32141.	Date of submission of S72 report to NT and PT	15-Jan-16	27-Jan-18					27-Jan-18			
5.3	4.1.1	6.2, 6.3	Internal	Prepare and submit the adjustments budget, if required, to Council by 28 February 2017 as per section 24 (3) of the MFMA and Provincial and National Treasury within 10 working days after the submission to the Mayor as per budget regulation section 24 (3) of Government Gazette No 32141	Date of submission of adjustments budget to Council	24-Feb-16	28-Feb-18					28-Feb-18			
					Date of submission of adjustments budget to NT and PT	09-Mar-16	14-Mar-18					14-Mar-18			
5.4	4.1.1	6.2	F6.2, F6.3	Ensure the implementation of mSCOA by reporting bi-monthly on progress to the Finance Portfolio Committee and ensure compliance by 31/3/2018	Number of reports to portfolio committee at the 2nd PC meeting after month ends	2	6	1		1		2		2	
5.5	4.1.1	6.2, 6.3	F6.7, F6.9	Prepare and submit monthly financial reports to the Mayor, Provincial and National Treasury in terms of section 71 (1) of the MFMA within 10 working days after month end and submit to the Financial Services Portfolio Committee by the 2nd PC meeting after quarter ends.	Number of S71 reports submitted to the Mayor within 10 days after month end	13	12	3		2		4		3	
					Number of S71 reports submitted to portfolio committee by the 2nd PC meeting after quarter ends	11	12	3		3		3		3	
5.6	4.1.1	6.2, 6.3, 6.4	Internal	Ensure the review of the Budget, Virement, Funding & Reserve policy and Long Term Financial Plan. Submit to Council for approval by 31 May 2018.	Number of policies reviewed	4	4							4	
					Date of approval by Council		31-May-18							31-May-18	
5.7	4.1.1	6.2	Internal	Ensure at least 90% spend on the quarterly allocated annual operating budget per quarter	Percentage of the annual operating budget spent per quarter.	New	90%	22.5%		45%		67.5%		90%	
<b>6</b>	<b>REVENUE ENHANCEMENT</b>														
6.1	4.2.1, 4.4	6.3, 6.4	F5.8	Ensure that 90% of defaulters on non-payment in urban areas (Gingindlovu, Mtunzini,	Percentage of defaulters receiving notifications monthly	97.2%	90%	90%		90%		90%		90%	

				Eshowe, Kwambonambi, Melmoth and Nkandla) receive notifications monthly and submit quarterly reports to the Financial Services Portfolio Committee by the 2nd PC meeting after quarter ends.	Number of reports to portfolio committee by the 2nd PC meeting after quarter ends	10	4	1		1		1		1	
6.2	4.2.2, 4.4	6.3, 6.4	F6.8	Implement the Revenue Enhancement Plan by conducting 4 revenue workshops per quarter with the community to promote revenue policies which benefit the poor and to further enhance revenue collection. Submit quarterly report by the 2nd PC meeting after quarter ends	Number of revenue workshops	28	16	4		4		4		4	
					Number of reports to portfolio committee by the 2nd PC meeting after quarter ends	10	4	1		1		1		1	
6.3	4.2.2, 4.4	6.3, 6.4	F6.8	Report on the Financial Viability of uThungulu DM and the achievement of 84% debtors collection target by submitting quarterly report to portfolio by the 2nd PC meeting after quarter ends	Percentage debt collection	91.25%	84%	84%		84%		84%		84%	
					Number of reports to portfolio committee by the 2nd PC meeting after quarter ends	10	4	1		1		1		1	
6.4	4.7	6.3, 6.4	Internal	Submit monthly Grant reports to the relevant Provincial Departments on all DORA grants received within 10 working days after month end in terms of section 71 (5) of the MFMA.	Number of grant reports submitted to relevant Departments	12	12	3		3		3		3	
6.5	4.4	6.2, 6.3, 6.4	F6.8	Ensure the review of the Credit and Debt Control, Tariff, Incentive and Indigent policies and submit to Council for approval by 31 May 2018	Number of policies reviewed	4	4	research policies		submit to Bud SC		workshop to rules		4	
					Date of approval by Council	25-May-16	31-May-18							31-May-18	
7	SUPPLY CHAIN MANAGEMENT														
7.1	4.6	6.2, 6.3, 6.4	F6.1.8	Submit the annual report on the Supply Chain Management policy review to Financial Services Portfolio Committee by 31 May 2018	Date of approval of the reviewed Supply Chain Management Policy by Council	25-May-16	31-May-18	research policies		submit to Bud Section		workshop to rules		31-May-18	

7.2				Prepare and Submit Annual report by 31 August 2017 on the implementation of the Supply Chain Management policy for 2016/2017 financial year to the Finance Portfolio Committee within 30 days after year end	Date of submission of Annual 16/17 SCM report to portfolio	29-Jul-15	31-Aug-17	31-Aug-17									
7.3	4.1.1 : 4.6	Internal	Internal	Control and monitor stores by conducting quarterly total stock counts and report to the Portfolio Committee by the 2nd PC meeting after quarter ends. Ensure submission of Annual Variance report to the Portfolio Committee within two months after the financial year ends	Date of submission of Annual Variance report to portfolio	29-Jul-15	31-Aug-17	31-Aug-17									
					Number of reports to portfolio committee by the 2nd PC meeting after quarter ends	10	4	1		1			1			1	
					Number of quarterly total stock counts	4	4	1		1			1			1	
8	EXPENDITURE CONTROL																
8.1	4.5	Internal	Internal	Monitor the payment of creditors and salaries by submitting monthly cash flow statement reports to the Finance Portfolio Committee by the 2nd PC meeting after quarter ends	Percentage of salary payments made within 7 days after month end	1	100%	100%		100%			100%			100%	
					Number of reports to portfolio committee by the 2nd PC meeting after quarter ends	12	4	1		1			1			1	
9	ASSET MANAGEMENT																
9.1	4.1.1	6.4	F6.7	Ensure the review and approval of the Asset policy by 31 May 2018	Date of approval of Asset Policy by Council	25-May-16	31-May-18	research policies		submit to Bud SC			workshop to rules			31-May-17	
10	MANAGEMENT ACCOUNTS																
10.1	4.1.1	6.2, 6.3, 6.4	F6.7, 6.9	Complete and formally submit the 2016/2017 financial statements to the Auditor General by 31 August 2017 in terms of section 126 (2) of the MFMA.	Date of submission of AFS to AG	28-Aug-15	31-Aug-17	31-Aug-17									
10.2	4.1.1	6.2, 6.3, 6.4	F 6.9	Complete and formally submit the 2016/2017 Consolidated Annual Financial Statements to the Auditor General by 30 September 2017 in terms of section 126 (b) of the MFMA.	Date of submission of Consolidated AFS to AG	30-Sep-15	30-Sep-17	30-Sep-17									

10.3	4.1.1	6.2, 6.3, 6.4	F6.7, 6.9	Submit the Financial Audit Report of 2016/2017 financial year to Council by 31 January 2017 in terms of section 121 (1) of the MFMA.	Date of submission of Financial Audit Report to Council	10-Dec-15	31-Jan-18						31-Jan-18			
10.4	4.1.1	6.2, 6.3, 6.4	Internal	Ensure the review of the Borrowing & Cash and Banking policies and submit to Council for approval by 31 May 2018.	Number of policies reviewed	2	2	research policies		submit to Bud Section		workshop to rules		2		
					Date of approval	25-May-16	31-May-18							31-May-18		

## DEPARTMENT OF THE DEPUTY MUNICIPAL MANAGER: COMMUNITY SERVICES:2017/2018

## COMPONENT 3 - QUARTERLY PROJECTIONS OF SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS FOR EACH VOTE

SDBIP No	OPMS Ref No/ DGBP Ref No/ Implementation Plan No	PEFORMANCE TARGET	RESPONSIBLE PERSON	BASELINE 2014/2015	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
						TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
1	COMMUNITY EXECUTIVE												
1.1	1.1.3;1.1.4/6.2/ internal	Develop a Competency Plan for Senior Managers within the department by 31 December 2017. Identify staff for training interventions as per the competency plan by 31 December 2017	Date of completion of the Departmental staff competency Plan	New						-	-		
			Staff identified for training as per the competency plan	New						31-Mar-18	-	30-Jun-18	
1.2	5.4.1, 5.2.2/6.2/ Internal	Ensure the cascading of effective Performance Management System by 30 June 2018	Date of completion for the development of Performance Plans for all Senior Managers within the Department	New									
			Date of Performance Assessments of Senior Managers	New						31-Mar-18		30-Jun-18	
2	MUNICIPAL STANDARD CHARTS OF ACCOUNTS (MSCOA)												
2.1	4.1.1/4.4, 6.1, 6.2.6.3.6.4, / INTERNAL	Ensure attendance to quarterly MSCOA meetings by DMM and monthly MSCOA meetings by Senior Managers	Number of monthly MSCOA meetings attended by Senior Managers	New	12	3		3		3		3	
			Number of MSCOA Steering Committee meetings attended by DMM	New	4	1		1		1		1	

<b>3</b>	<b>BUDGET PLANNING</b>												
3.1	4.1.1/6.2/ INTERNAL	Ensure the implementation of the 2017/2018 Procurement Plan by reporting quarterly on the progress made to the Portfolio Committee by the 2nd PC after quarter ends.	Number of quarterly procurement progress reports submitted to PC by the 2nd PC meeting after quarter ends	New	4	1		1		1		1	
<b>4</b>	<b>BUDGETING AND REPORTING</b>												
4.1	4.1.1/6.2/ INTERNAL	Prepare and submit monthly budget reports for the department and report to the Budget and Treasury Office by the due dates stipulated from the Budget Office	Number of budget reports submitted to the Budget and Treasury Office within 10 working days after month end	New	11	2		2		2		4	
			Number of consolidated quarterly expenditure reports submitted to portfolio committee within 60 days after quarter end	New	4	1		1		1		1	
		Ensure at least 90% spend on the Quarterly allocated annual operating budget per quarter	Percentage of the annual operating budget spent per quarter.	New	100%	25%		50%		75%		100 %	
<b>5</b>	<b>EXPENDITURE CONTROL</b>												
5.1	4.5/6.2/ INTERNAL	Ensure payments certificates are submitted to Expenditure section within 5 working days of receipt	Percentage of payment certificates approved and submitted to expenditure section within 5 working days.	New	100%	100%		100%		100%		100 %	
<b>6</b>	<b>COMMUNITY AND SOCIAL SERVICES</b>												
6.1	7.1.2 /2.2/ C2.12	Ensure the implementation of the Integrated Skills Development Programme by assisting 24 youths with registration grants by 31 March 2018. Submit a report in the 4th Quarter to the PC by 31 June 2018.	Date of advertisement	10-Sep-15	31-Oct-17			31-Oct-17					
			Date of approval of candidates	31-Jan-16	31-Jan-18					31-Jan-18			
			Number of youth assisted with registration	25	24					24			
			Report on registration grants to portfolio committee at the 2nd PC meeting after quarter ends	18-Feb-16	30-Jun-18							30-Jun-18	

6.2	7.10.1 to 7.10.5/ 3.1, 3.2/ C3.19 to C.24	Implement 5 programmes by 30 June 2018 for marginalised groups such as Women, Men, Youth, Senior Citizens and the Disabled. Report quarterly progress to portfolio committee at the 2nd PC meeting after quarter ends.	Number of Senior Citizens Forum meetings held	5	4	1		1		1		1	
			Date of Man's March against Alcohol and Drug Abuse	05-Nov-15	30-Jun-18							### ### ##	
			Number of youth programmes implemented	9	2	1						1	
			Number of Women's Forum meetings held	4	4	1		1		1		1	
			Number of District Disability Forum meetings held	5	4	1		1		1		1	
			Number of progress reports to portfolio Committee at the 2nd PC meeting after quarter ends	8	4	1		1		1		1	
6.3	7.11/3.1/ C 3.11 & C3.17	Ensure the implementation of Operation Sukuma Sakhe by ensuring that 100% of identified needs are met within available budget. Report quarterly to portfolio committee at the 2nd PC meeting after quarter ends	Percentage of identified needs assisted	100%	100%	100%		100%		100%		100 %	
			Number of progress reports to portfolio Committee at the 2nd PC meeting after quarter ends	4	4	1		1		1		1	
6.4	7.8/C3.25	Ensure the promotion of culture, arts and heritage within uThungulu by contributing financially to the Annual SATMA Awards by 31 October 2017. Submit report on event to the Community Services Portfolio Committee at the 2nd PC meeting after quarter ends.	Percentage of budgeted amount spent on SATMA Awards	100%	100%	50%		100%					
			Number of reports on event to portfolio committee at the 2nd PC meeting after quarter ends	0	1					1			
7		<b>AIR QUALITY MANAGEMENT</b>											
7.1	INTERNAL/5.4/C3.4	Ensure the implementation of the Air Quality Management Plan by conducting inspections at all 8 identified sites by 30 June 2018	Number of identified areas inspected	9	8	2		2		2		2	
			Number of progress reports to portfolio Committee at the 2nd PC meeting after quarter ends	4	4	1		1		1		1	
8		<b>SPORTS DEVELOPMENT</b>											
8.1	INTERNAL /3.2/C3.27	Ensure implementation of uThungulu Sports Development Plan by 31 December 2017. Identify and assist programmes for development by 30 June 2018. Report quarterly on the implementation thereof to the	Date of implementation of Sports Development Plan	New	31-Dec-17			31-Dec-16					
			Percentage of identified programmes assisted as per Sports Development Plan	New	100%			50%		75%		100 %	



		portfolio committee at the 2nd PC meeting after quarter ends	Number of progress reports to portfolio Committee at the 2nd PC meeting after quarter ends	New	4	1		1		1		1	
8.2	7.4.1 & 7.5/3.2/ C3.32	Ensure the participation and contribution towards to the District Elimination Games by 31 October 2017 and SALGA Games by 31 December 2017 and report quarterly progress to the Community Services Portfolio Committee at the 2nd PC meeting after quarter ends	Percentage of budgeted amount spent	100%	100%	25%		75%		100%			
			Date of District Elimination Games	19-Sep-16	31-Oct-17			31-Oct-17					
			Date of SALGA Games	2016/12/10-14	31-Dec-17			31-Dec-17					
			Number of codes participating	16	16								
			Number of progress reports to portfolio Committee at the 2nd PC meeting after quarter ends	4	3	1		1		1			
8.3	7.4.2/3.2/ C3.29	Facilitate the District Golden Games for elderly people by 31 July 2017 and report to the Community Services Portfolio Committee at the 2nd PC meeting after quarter ends	Date of Golden Games	05-Aug-16	31-Jul-17	31-Jul-17							
			Number of progress reports to portfolio Committee at the 2nd PC meeting after quarter ends	1	1			1					
8.4	7.4.3/3.2/C3.30	Host the Mayoral Cup to promote local athletes by 30 September 2017 and report thereon to the Community Services Portfolio Committee at the 2nd PC meeting after quarter ends	Date of Mayoral Cup	05-Sep-16	30-Sep-17	30-Sep-17							
			Number of reports on event to portfolio committee at the 2nd PC meeting after quarter ends	1	1			1					
8.5	7.4.4/3.2/C3.31	Facilitate the Annual uThungulu District Marathon by 30 November 2017 and report on event to the Community Services Portfolio Committee at the 2nd PC meeting after quarter ends	Date of advertisement	25-Sep-16	30-Sep-17	30-Sep-17							
			Date of stakeholder liaison meeting	2016/08/20 ; 2016/10/31	31-Oct-17			31-Oct-17					
			Date of uThungulu Marathon	05-Nov-16	30-Nov-17			30-Nov-17					
			Number of reports on event to portfolio committee at the 2nd PC meeting after quarter ends	1	1					1			
9		<b>DISASTER MANAGEMENT</b>											
9.1	INTERNAL/1.3/ INTERNAL	Ensure the activation of the Disaster Management Volunteers Programme by training 200 volunteers on fire fighting activities by 30 June 2017 and submit 3 quarterly progress reports to the PC by the 2nd PC after the quarter ends.	Number of volunteers trained	New	200					100		100	
			Number of progress report to portfolio committee at the 2nd PC meeting after quarter ends	New	4	1		1		1		1	
9.2	7.6.1/ INTERNAL / C5.10	Ensure the procurement of 10 temporary shelters for inclusion in disaster management stock items by 31 December 2017.	Date of appointment of the service provider	New	31-Dec-17			31-Dec-17					
			Number of temporary shelters procured	New	10			10					

			Number of progress report to portfolio committee at the 2nd PC meeting after quarter ends	New	1					1			
<b>10</b>		<b>ENVIRONMENTAL HEALTH</b>											
10.1	INTERNAL / 3.1	Ensure implementation of the Bilharzia Control Plan by conducting 12 awareness campaigns by 30 June 2018. Submit quarterly report to the portfolio by the 2nd PC after quarter ends.	Number of awareness campaigns conducted	New	12	3		3		3		3	
			Number of quarterly progress reports submitted to PC by the 2nd PC meeting after quarter ends	New	4	1		1		1		1	

DEPARTMENT OF THE DEPUTY MUNICIPAL MANAGER: PLANNING SERVICES:2017/2018															
COMPONENT 3 - QUARTERLY PROJECTIONS OF SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS FOR EACH VOTE															
Item no:	OPMS No:	DGD Ref:	Implementation Plan Ref:	PERFORMANCE INDICATOR	UNIT OF MEASUREMENT	BASELINE 15/16	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
								TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL
1	PLANNING EXECUTIVE														
1.1	4.1.1	Internal	Internal	Ensure that the Planning Executive expenditure on OPEX projects is within the approved budget for the 2016/2017 financial year.	Total OPEX percentage of budgeted amount spent for the 2016/17 Financial Year	100%	100%	20%		50%		75%		100%	
1.2	1.1.3, 1.1.4	Internal	Internal	Develop a Competency Plan for Senior Managers within the department by 31 December 2016	Date of completion of the Departmental staff competency Plan	New									
					Staff identified for training as per the assessment outcome	New									
1.3	5.3.1, 5.3.2, 5.3.3	Internal	Internal	Ensure the cascading of effective Performance Management System by 30 June 2017	Date of completion of the development of Performance Plans for all Senior Managers within the Planning and Economic Development Department	New									

					Date of Performance Assessments of Senior Managers	New	30-Jun-17					31-Mar-18		30-Jun-18	
1.4	5.5.1, 5.5.2	6.1	Internal	Submit the Quarterly Back to Basics report to the Office of the Municipal Manager within 10 working days after the quarter ends	Number of Back to Basics Quarterly reports submitted	4	4	1		1		1		1	
2		MUNICIPAL STANDARD CHARTS OF ACCOUNTS (MSCOA)													
2.1	Internal	4.4 6.1, 6.2, 6.3, 6.4	Internal	Ensure attendance to quarterly MSCOA meetings by DMM and monthly MSCOA meetings by Senior Managers	Number of monthly MSCOA meetings attended by Senior Managers		12	3		3		3		3	
					Number of MSCOA Steering Committee meetings attended by DMM		4	1		1		1		1	
3		BUDGET PLANNING													
3.1	4.1.1	Internal	Internal	Ensure the implementation of the 2017/2018 Procurement Plan by reporting quarterly on the progress made to the Portfolio Committee by the 2nd PC after quarter ends.	Number of quarterly procurement progress reports to portfolio by the 2nd PC after quarter ends	New	4	1		1		1		1	
4	BUDGETING AND REPORTING														
4.1	4.1.1	6.2	Internal	Prepare and submit monthly budget reports for the department and report to the Budget	Number of budget reports to the Budget and Treasury Office within 10 working days after month end	New	11	2		2		4		3	

				and Treasury Office by the due dates stipulated from the Budget Office	Number of consolidated quarterly budget reports submitted to portfolio committee within 60 days after quarter ends	New	4	1		1		1		1	
4.2	4.1.1	6.2	Internal	Ensure at least 90% spend on the Quartely allocated annual operating budget per quarter	Percentage of the annual operating budget spent per quarter.	New	100%	25%		50%		75%		100%	
5		EXPENDITURE CONTROL													
5.1	4.5	6.2	Internal	Ensure payments certificates are submitted to Expenditure section within 5 working days of receipt	Percentage of payment certificates submitted to expenditure section within 5 days of receipt	New	100%	100%		100%		100%		100%	
6		ECONOMIC DEVELOPMENT													
6.1	4.1.1	Internal	Internal	Ensure that the Economic Development expenditure on OPEX projects is within the approved budget for the 2017/2018 financial year	Total OPEX percentage of budgeted amount spent for the 2017/18 Financial Year		100%	20%		50%		75%		100%	
6.2	3.1.2	Internal	E1.33	Facilitate at least 1 Economic Development Summit by 30 June 2018 and submit a report to the Portfolio Committee by the 2nd PC meeting after the event.	Date of Planning & Economic Development summit.	14-Jun-16	30-Jun-18							30-Jun-18	
					Number of reports to Portfolio Committee	1	1	1							
6.3	3.4.1; 3.4.2	1.1	E1.8	To promote agriculture development within	Number of farmers supported	13	10	2		3		2		3	
					Number of Farmers	New	18	6				6		6	

				the District by supporting agricultural support initiatives and develop an Essential Oil Benefication Plan by 30 June 2018 and report to the Portfolio Committee meeting by the 2nd PC meeting after quarter ends.	trained										
					Date of development of the Essential Oils Beneficiation Plan	New	30-Jun-18							30-Jun-18	
					Number of Agriculture progress reports to portfolio committee	4	4	1		1		1		1	
6.4	3.3.1; 3.2.1	1.2 & 1.3	E1.12, E1.24, E1.29	Create 50 employment opportunities to reduce unemployment within the District, assist with creating marketing opportunities for 32 Crafters and develop the Forestry Sector Business Plan by 30 June 2018	Number of Employment Opportunities created	63	50	10		20		10		10	
					Number of Crafters Marketing Opportunities created	95	32	10		10		6		6	
					Forestry Sector Draft Business Plan developed	New	31-Dec-17		31-Dec-17						
					Approval of Forestry Sector Final Draft Business Plan	New	30-Jun-18						30-Jun-18		
6.5	3.3.1; 3.3.3; 3.3.4; 3.3.5; 3.3.6	1.2	E1.18	Promote the District as a tourism destination by assisting 22 Cruise ships, participating in 4 Tourism shows, coordinating the King Cetswayo Commemoration and Marketing the Last Dance Music Festival and the Kings Experience by 31 December 2017	Number of Cruise Ship assisted	New	22			12		10			
					Number of Tourism shows participated in	6	4	1		1				2	
					Date of submission to the Portfolio Committee for the Advertising and Campaigning for the Last Dance Music Festival	01-10-15	30-Sep-17	30-Sep-17							
					Date for Marketing of the Last Dance Music Festival	01-10-16	31-Dec-17		31-Dec-17						

					Date for the Commencement of the campaign for Kings Experience	26-09-15	30-Sep-17	30-Sep-17							
					Date for Marketing of the King's Experience	26-09-16	31-Dec-17			31-Dec-17					
					Date for King Cetswayo Commemoration	New	30-Sep-17	30-Sep-17							
					Number of Tourism progress reports to portfolio committee	4	4	1		1		1		1	
6.6	3.3.2	1.4	E1.16, E1.17	Develop the Tourism and Arts Academy Concept by 31 Decemeber 2016 and ensure the implementation of 2 Creative, Visual and Performing Arts (CVPA) Programmes, 3 training sessions, 1 Creative, Visual and Performing Arts Festival and support the Local Film Production by 30 June 2018. Submit quartely progress reports to Portfolio Committe by 2nd PC meeting after quarter ends	Date of Creative, Visual and Performing Arts Festival	New	30-Jun-18							30-Jun-18	
					Date of Tourism and Arts Academy concept development	New	31-Dec-17			31-Dec-17					
					Number of CVPA training sessions conducted	New	3	1				1		1	
					Number of CVPA programmes implemented	New	2					1		1	
					Date of report on the support provided to the Local Film Production	New	30-Jun-18							30-Jun-18	
					Number of Film Office progress reports to portfolio committee	4	4	1		1		1		1	
6.7	3.2.3	1.4	E1.29, E1.31,	Provide support by conducting quarterly training, support and development	Number of informal Economic Chamber engagement sessions attended	New	4	1		1		1		1	

				sessions and assisting the number of Cooperatives and SMME's registered in the District's database, by identifying 10 Black Industrialists and assist 4 Black Industrialists and facilitate the SMME Economic Symposium by 30 June 2018. Submit quarterly progress reports to Portfolio Committee by 2nd PC meeting after quarter ends	Number of SMME's/ Cooperatives assisted and captured onto the data base	10	40	10		10		10		10	
					Number of training, support and development sessions hosted	New	4	1		1		1		1	
					Date of SMME Economic Symposium	14-Jun-15	30-Jun-18							30-Jun-18	
					Number of Black Industrialists identified	New	10	5				5			
					Number of Black Industrialists assisted	New	4			2				2	
					Number of SMME/ Co-Operatives support programmes implemented	New	4	1				1		2	
					Number of SMME progress reports to portfolio committee	4	4	1		1		1		1	
7				STATUTORY AND DEVELOPMENT PLANNING											
7.1	4.1.1	Internal	Internal	Ensure that the Statutory and Development Planning expenditure on OPEX projects is within the approved budget for the 2017/2018 financial year	Total OPEX percentage of budgeted amount spent for the 2018/18 Financial Year		100%	20%		50%		75%		100%	
7.2	5.2.1 ; 5.9	6.1	P5.1	Prepare and submit the final 2017/2022 IDP to Council for approval by 30 June 2018.	Date of submission of Final IDP Framework Plan to Council	New	30-Sep-17	30-Sep-17							
					Number of IDP Representative (IGR) Forums	3	3			1		1		1	



					Date of submission of Draft IDP to Council	16-Mar16	31-Mar-18					31-Mar-18		
					Date of approval of Final IDP by Council	25-May16	30-Jun-18						30-Jun-18	
7.3	6.1.1	5.3, 6.1	P6.4	Ensure the appointment of a service provider for the development of Environmental Framework Plan by 30 June 2018 and submit progress reports to Portfolio Committee by 2nd PC meeting after quarter ends	Date for the development of the terms of reference for the Environmental Framework Plan	New	31-Dec-17			31-Dec-17				
					Date of appointment of service provider for Environmental Framework Plan	New	30-Jun-18						30-Jun-18	
					Number of progress reports to portfolio Committee	4	2					1	1	

## DEPARTMENT OF THE DEPUTY MUNICIPAL MANAGER: CORPORATE SERVICES: 2017/2018

## COMPONENT 3 - QUARTERLY PROJECTIONS OF SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS FOR EACH VOTE

OFMS Indicator No.	DGP Ref:	Implementation Plan Ref:	PERFORMANCE TARGET	UNIT OF MEASUREMENT	BASELINE	ANNUAL TARGET	QUARTER ENDING 30 SEPT		QUARTER ENDING 31 DEC		QUARTER ENDING 31 MARCH		QUARTER ENDING 30 JUNE	
							Target	Actual	Target	Actual	Target	Actual	Target	Actual
CORPORATE EXECUTIVE														
5.3.1, 5.3.2	6.2	CS 3.4	Ensure the cascading of effective Performance Management System by 30 June 2018	Date of completion of the development of Performance Plans for all Senior Managers within the Corporate Services Department	New	31-Dec-17								
			Date of Performance Assessments of Senior Managers	New	2018/03/31 & 2018/06/30					31-Mar-18		30-Jun-18		
5.5.1; 5.5.2	6.1	Internal	Submit the Monthly Back to Basics reports to the Office of the Municipal Manager within 10 working days after month end and submit quarterly Back to Basics report to PMS office within the specified date	Number of Quarterly B2B reports submitted	4	4	1		1		1		1	
				Number of Monthly B2B reports submitted to DCOG	12	12	3		3		3		3	
1.1.3, 1.1.4	6.2	Internal	Develop a Competency Plan for Senior Managers within the department by 31 December 2017. Identify staff for training interventions as per the competency plan by 31 December 2017	Date of completion of the Departmental staff competency Plan	New						-		-	-
				Staff identified for training as per the competency plan	New							-		-
MUNICIPAL STANDARD CHARTS OF ACCOUNTS (MSCOA)														

4.1.1	4.4; 6.1, 6.2, 6.3,	Internal	Ensure attendance to quarterly MSCOA meetings by DMM and monthly MSCOA meetings by Senior Managers	Number of monthly MSCOA meetings attended by Senior Managers	New	12	3		3		3		3	
				Number of MSCOA Steering Committee meetings attended by DMM	New	4	1		1		1		1	
			BUDGET PLANNING											
4.1.1	6.2	Internal	Ensure the implementation of the 2017/2018 Procurement Plan by reporting quarterly on the progress made to the Portfolio Committee by the 2nd PC after quarter ends.	Number of quarterly procurement progress reports to portfolio by the 2nd PC after quarter ends	New	4	1		1		1		1	
			BUDGETING AND REPORTING											
4.1.1	6.2	Internal	Prepare and submit monthly budget reports for the department and report to the Budget and Treasury Office by the due dates stipulated from the Budget Office	Number of budget reports submitted to the Budget and Treasury Office within 10 working days after month end	New	11	2		2		4		3	
				Number of consolidated quarterly budget reports submitted to portfolio committee within 60 days after quarter end	New	4	1		1		1		1	
4.1.1	6.2	Internal	Ensure at least 90% spend on the Quartely allocated annual operating budget per quarter	Percentage of the annual operating budget spent per quarter.	New	100%	25%		50%		75%		100%	
			EXPENDITURE CONTROL											

4.5	6.2	Internal	Ensure payments certificates are submitted to Expenditure within 5 working days of receipt	Percentage of payment certificates approved and submitted to expenditure section	New	100%	100%		100%		100%		100%	
ADMINISTRATIVE SERVICES														
Internal	6.1, 6.4	Internal	Ensure the effective functioning of Council and Committees of Council in accordance with Council's Standing Rules of Order by holding at least 40 portfolio committees, 12 EXCO and 6 Council meetings by 30 June 2018.	Number of Portfolio meetings	61	40	10		10		10		10	
				Number of EXCO meetings	21	12	3		3		3		3	
				Number of Council meetings	12	6	1		2		2		1	
			Monitor Councillors' attendance to Council Meetings by submitting quarterly reports to the Office of the Speaker within 30 days after quarter ends.	Number of reports submitted to the Office of the Speaker on Councillors' attendance to Council meetings	New	4	1		1		1		1	
Internal	6.1, 6.4	Internal	Submit a consolidated quarterly report on the progress of Council resolutions to ExCo, Council and MPAC within 30 days after quarter ends.	Number of consolidated progress reports submitted to EXCO , Council and MPAC	New	4	1		1		1		1	
Internal	6.1, 6.4	Internal	Ensure compliance with the Promotion of Access to Information Act by the review and approval of the Access to Information Manual by Council no later than 31 December 2017. Ensure that the Manual is published and gazetted and by 30 June 2018.	Date of review of Access to Information Manual	20-Aug-15	30-Sep-17	30-Sep-17							
				Date of approval by Council	23-Sep-15	31-Dec-17			31-Dec-17					
				Date of advertisement for comments	21-23-Jan16	31-Mar-18					31-Mar-18			
				Date of Access to Information Manual to be published and gazetted	15-Dec-15	30-Jun-18							30-Jun-18	
			INFORMATION TECHNOLOGY											
1.1.8	4.4	Internal	Ensure compliance with the National IT White Paper on Open Source Systems by installing Open Source Software by 31 December 2017 and	Approval by Council by 30 September 2017	New	30-Sep-17	30-Sep-17							
				Date of installation of open source software	New	31-Dec-17			31-Dec-17					

			submit a report quarterly to the PC by the 2nd PC after the quarter ends.	Number of quarterly reports to portfolio at the 2nd PC meeting after quarter ends	New	4	1		1		1		1	
1.1.8	4.4	CS 8.6	Finalize the network refresh by 30 June 2018 and report quarterly progress to the IT Steering Committee and submit quarterly progress report to the PC by the 2nd PC after the quarter ends.	Percentage of equipment procured	New	100%			100%					
				Percentage of equipment installed	New	100%			100%					
				Number of IT Steering Committee progress reports to portfolio by the 2nd PC meeting after quarter ends	New	4	1		1		1		1	
1.1.8	4.4	CS 4.1	Procure and implement the VOIP telephony system by 30 June 2018 and report quarterly on the implementation thereof to the IT Steering Committee. Submit quarterly report to the PC by the 2nd PC meeting after quarter ends.	Date of equipment procured	New	31-Dec-17		-	31-Dec-17	-		-	-	-
				Percentage implementation of VOIP system	New	100%				50%		100%	-	
				Number of progress reports to IT Steering Committee	New	4	1		1		1		1	-
				Number of progress reports to the PC by the 2nd PC meeting after quarter ends	New	4	1		1		1		1	
1.1.8	4.4, 6.1, 6.2	CS4.7	Develop the ERM System through the finalisation of Venus SCOA deployment by 30 June 2018. Report quarterly progress to the IT Steering Committee.	Finalisation of specifications	New	30-Sep-17	30-Sep-17							
				Percentage of equipment procured by 31 December 2017	New	100%			100%					
				Date of installation of Venus SCOA	New	31-Mar-18				31-Mar-18				
				Number of IT Steering Committee progress reports to IT SC within 30 days after quarter ends	New	4	1		1		1		1	
1.1.8	4.4	Internal	Design a Wide Area Network infrastructure plan for approval by	Date of completion of the infrastructure plan	New	30-Sep-17	30-Sep-17							

			Council by 31 December 2017 and ensure implementation of 1 Wide Area Network as per approved plan by 30 June 2018.	Approval of the infrastructure plan by Council	New	31-Dec-17			31-Dec-17				
				Implement 1 Wide Area Network as per the plan	New	30-Jun-18						30-Jun-18	
5.8	4.4	CS 6.7	Ensure the implementation of the Business Continuity Strategy and Plan through the construction and implementation of the BCP at Empangeni Disaster Centre by 30 June 2018. Report quarterly progress to the IT Steering Committee within 30 days after quarter ends.	Date of finalisation of specifications	30-Sep-16	30-Sep-17	30-Sep-17						
				Date of procurement of office in a box	New	31-Mar-18				31-Mar-18			
				Percentage of office equipment procured 30 June 2018	New	100%						100%	
				Number of IT Steering Committee progress reports within 30 days after quarter ends	4	4	1		1		1	1	
MANAGEMENT SERVICES													
1.1.1	Internal	Internal	Ensure the implementation of effective HR management in preparation of Clean Audit 2018 through the implementation of the Employment Equity Strategy by ensuring that 75% of appointments are made in line with the EEP. Report quarterly statistics to the Employment Equity Committee within 30 days after the quarter ends and to the PC by the 2nd PC meeting after the quarter ends	Percentage of appointments made in line with EEP	73%	75%	75%		75%		75%		75%
				Percentage of appointment receiving induction training within 30 days	100%	100%	100%		100%		100%		100%
				Number of reports to EE Committee	New	4	1		1		1		1
				Number of reports to the PC by the 2nd PC meeting after quarter ends	4	4	1		1		1		1
1.1.2; 1.1.3, 1.1.4	6.2	Internal	Ensure implementation of the 2017/2018 WSP by ensuring that 400 staff members receive training by 30 June 2018 and submit the 2018/2019 WSP to LGSETA by 30 April 2018. Report quarterly on the percentage of	Number of staff trained	640	300	100		100		100		100
				Percentage of budgeted amount spent on WSP	100%	100%	10%		30%		60%		100%
				Date of completion of Skills Audit for staff and Councillors	27-Jan-16	31-Mar-18				31-Mar-18			

			budgeted amount spent to the PC by the 2nd PC meeting after quarter ends.	Date of submission of 2018/2019 WSP to LGSETA	08-Apr-16	30-Apr-18						30-Apr-18	
				Number of reports to the PC by the 2nd PC meeting after quarter ends	New	4	1		1		1	1	
1.1.5	6.2	Internal	Ensure Councillor development by providing at least 25 Councillors with NQF accredited training opportunities by 30 June 2018.	Number of Councillors trained	10	20	6		6		6	7	-
Internal	6.4	CS3.1	Organize medical examinations for staff in water and sewerage plants, cemetery and landfill staff as per legislation as well as exit medicals for technical and cemetery staff leaving the organisation and submit report on examination results to the user department within 30 days after they become available from the medical practitioner.	Date of medical examinations for sewerage staff	30-Jun-15 & 10-11-Nov-15	31-Jul-17 & 30-Nov-17	31-Jul-17		30-Nov-17				
				Date of medical examinations for water staff, cemetery and landfil staff	10-11-Nov-15	30-Nov-17			30-Nov-17				
				Average number of days to submit exit medical results to user departments, after receiving them from the medical practitioner	30 days	30 days	30 days		30 days		30 days	30 days	
				Number of progress reports to PC by the 2nd PC meeting after quarter ends	4	4	1		1		1	1	
			LEGAL SERVICES										
Internal	Internal	Internal	Conduct at least 10 legal policy compliance and legal updates quarterly for the organisation by 30 June 2018	Number of policy compliance and legal updates	17	40	15		15		15	15	

### 2.11.6 Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

### 2.12 Annual Budget Tables – uThungulu Fresh Produce Market (Municipal Entity)

Uthungulu Fresh Produce Market - Table D1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	—	—	—	—	—	—	—	—	—
Service charges	—	—	—	—	—	—	—	—	—
Investment revenue	—	—	—	—	—	—	—	—	—
Transfers and subsidies	—	—	24 058	5 000	5 000	5 000	4 000	3 000	3 000
Other own revenue	—	—	24 716	27 587	24 699	23 588	27 415	27 910	29 026
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>—</b>	<b>—</b>	<b>48 774</b>	<b>32 587</b>	<b>29 699</b>	<b>28 588</b>	<b>31 415</b>	<b>30 910</b>	<b>32 026</b>
Employee costs	—	—	3 159	4 298	4 498	4 355	5 042	5 294	5 558
Remuneration of Board Members	—	—	253	810	660	559	720	756	794
Depreciation & asset impairment	—	—	—	—	—	—	—	—	—
Finance charges	—	—	—	—	—	—	—	—	—
Materials and bulk purchases	—	—	96	420	420	298	275	289	303
Transfers and subsidies	—	—	—	—	—	—	—	—	—
Other expenditure	—	—	27 106	23 412	23 382	22 494	23 912	24 379	25 168
<b>Total Expenditure</b>	<b>—</b>	<b>—</b>	<b>30 614</b>	<b>28 940</b>	<b>28 960</b>	<b>27 706</b>	<b>29 949</b>	<b>30 717</b>	<b>31 824</b>
<b>Surplus/(Deficit)</b>	<b>—</b>	<b>—</b>	<b>18 160</b>	<b>3 647</b>	<b>739</b>	<b>882</b>	<b>1 466</b>	<b>193</b>	<b>202</b>
Transfers and subsidies - capital (monetary allocations) (Natio	—	—	—	—	—	—	—	—	—
Contributions recognised - capital & contributed assets	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>—</b>	<b>—</b>	<b>18 160</b>	<b>3 647</b>	<b>739</b>	<b>882</b>	<b>1 466</b>	<b>193</b>	<b>202</b>
Taxation	—	—	—	—	—	—	—	—	—
<b>Surplus/ (Deficit) for the year</b>	<b>—</b>	<b>—</b>	<b>18 160</b>	<b>3 647</b>	<b>739</b>	<b>882</b>	<b>1 466</b>	<b>193</b>	<b>202</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1 316</b>	<b>108</b>	<b>128</b>
Transfers recognised - capital	—	—	—	—	—	2 861	—	—	—
Public contributions & donations	—	—	—	—	—	—	—	—	—
Borrowing	—	—	—	—	—	—	—	—	—
Internally generated funds	—	—	300	300	4	—	1 316	108	128
<b>Total sources of capital funds</b>	<b>—</b>	<b>—</b>	<b>300</b>	<b>300</b>	<b>4</b>	<b>2 861</b>	<b>1 316</b>	<b>108</b>	<b>128</b>
<b>Financial position</b>									
Total current assets	—	—	8 405	4 650	4 650	4 650	3 888	4 093	4 298
Total non current assets	—	—	14 194	12 814	13 077	15 942	17 172	17 195	17 238
Total current liabilities	—	—	4 438	2 022	2 022	593	2 133	2 239	2 351
Total non current liabilities	—	—	—	—	—	—	—	—	—
Community wealth/Equity	—	—	18 161	5 598	15 705	19 998	18 938	19 048	19 184
<b>Cash flows</b>									
Net cash from (used) operating	—	—	2 231	3 597	3 597	882	1 766	508	533
Net cash from (used) investing	—	—	(1 353)	(300)	(300)	(300)	(1 316)	(108)	(128)
Net cash from (used) financing	—	—	—	—	—	—	—	—	—
<b>Cash/cash equivalents at the year end</b>	<b>—</b>	<b>—</b>	<b>879</b>	<b>3 297</b>	<b>3 297</b>	<b>582</b>	<b>1 032</b>	<b>1 432</b>	<b>1 837</b>



Uthungulu Fresh Produce Market - Table D2 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>										
<b>Revenue by Source</b>	1									
Property rates										
Service charges - electricity revenue										
Service charges - water revenue										
Service charges - sanitation revenue										
Service charges - refuse revenue										
Service charges - other										
Rental of facilities and equipment										
Interest earned - external investments										
Interest earned - outstanding debtors										
Dividends received										
Fines, penalties and forfeits										
Licences and permits										
Agency services										
Transfers and subsidies				24 058	5 000	5 000	5 000	4 000	3 000	3 000
Other revenue				24 716	27 587	24 699	23 588	27 415	27 910	29 026
Gains on disposal of PPE										
<b>Total Revenue (excluding capital transfers and contributions)</b>		–	–	48 774	32 587	29 699	28 588	31 415	30 910	32 026
<b>Expenditure By Type</b>										
Employee related costs				3 159	4 298	4 498	4 355	5 042	5 294	5 558
Remuneration of Directors				253	810	660	559	720	756	794
Debt impairment										
Depreciation & asset impairment	4			107	250	250	250	300	315	331
Finance charges										
Bulk purchases	2									
Other materials	5			96	420	420	298	275	289	303
Contracted services				10 617	9 457	9 865	9 795	10 547	10 710	10 817
Transfers and subsidies										
Other expenditure	3			16 376	13 705	13 267	12 449	13 066	13 354	14 021
Loss on disposal of PPE				6						
<b>Total Expenditure</b>		–	–	30 614	28 940	28 960	27 706	29 949	30 717	31 824
<b>Surplus/(Deficit)</b>		–	–	18 160	3 647	739	882	1 466	193	202
(National / Provincial and District)										
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)										
Transfers and subsidies - capital (in-kind - all)										
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		–	–	18 160	3 647	739	882	1 466	193	202
Taxation										
<b>Surplus/ (Deficit) for the year</b>		–	–	18 160	3 647	739	882	1 466	193	202

Uthungulu Fresh Produce Market - Table D3 Capital Budget by asset class and funding										
Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
R thousands		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure by Asset Class/Sub-class</b>	<b>1</b>									
<b>Infrastructure</b>										
Roads Infrastructure										
Roads										
Road Structures										
Road Furniture										
Capital Spares										
Stormwater Infrastructure										
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure										
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
HV Substations										
HV Switching Stations										
LV Networks										
Capital Spares										
Water Supply Infrastructure										
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sewerage Infrastructure										
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toler Facilities										
Capital Spares										
Solid Waste Infrastructure										
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure										
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
HV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure										
Sand Pumps										
Flora										
Recreations										
Promenades										
Capital Spares										
Information and Communication Infrastructure										
Data Centres										
Cable Layers										
Distribution Layers										
Capital Spares										
<b>Community Assets</b>								800		
Community Facilities								800		
Halls										
Centres										
Clubs										
Childcare Centres										
Fire/Ambulance Stations										
Trading Stations										
Markets										
Galleries										
Theatres										
Libraries										
Gymnasiums/Gymnasiums										
Police										
Ports										
Public Open Space										
Nature Reserves										
Public Abolition Facilities										
Markets								800		
Stalls										
Alexandria										
Airports										
Taxi Rank/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities										
Indoor Facilities										
Outdoor Facilities										
Capital Spares										
<b>Heritage assets</b>										
Monuments										
Historic Buildings										
Monuments of Art										
Conservation Areas										
Other Heritage										
<b>Investment properties</b>										
Revenue Generating										
Improved Property										
Unimproved Property										
Non-revenue Generating										
Improved Property										
Unimproved Property										
<b>Other assets</b>								116	108	128
Operational Buildings								116	108	128
Administrative Offices								116	108	128
Pay/Recovery Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing										
Staff Housing										
Social Housing										
Capital Spares										
<b>Biological or Cultivated Assets</b>										
Biological or Cultivated Assets										
<b>Intangible Assets</b>										
Serviceable										
Licences and Rights										
Water Rights										
Effluent Licences										
Solid Waste Licences										
Computer Software and Applications										
Local Government Software Applications										
Unspecified										
<b>Computer Equipment</b>								200		
Computer Equipment								200		
<b>Furniture and Office Equipment</b>										
Furniture and Office Equipment										
<b>Machinery and Equipment</b>								200		
Machinery and Equipment								200		
<b>Transport Assets</b>										
Transport Assets										
<b>Libraries</b>										
Libraries										
<b>Zoo's, Marine and Non-biological Animals</b>										
Zoo's, Marine and Non-biological Animals										
<b>Total capital expenditure on assets</b>	<b>1</b>							1 316	108	128
<b>Funded by:</b>										
National Government										
Provincial Government								2 861		
Parent Municipality										
District Municipality										
Transfers recognised - capital								2 861		
Public contributions & donations	6									
Borrowing	3									
Internally generated funds	-1			300	300	4		1 316	108	128
<b>Total Capital Funding</b>				300	300	4		2 861	1 316	128

Uthungulu Fresh Produce Market - Table D4 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>										
<b>ASSETS</b>										
<b>Current assets</b>										
Cash				880	2 281	2 281	2 281	1 544	1 622	1 703
Call investment deposits										
Consumer debtors				7 526	2 369	2 369	2 369	2 354	2 471	2 595
Other debtors										
Current portion of long-term receivables										
Inventory										
<b>Total current assets</b>		–	–	8 405	4 650	4 650	4 650	3 898	4 093	4 298
<b>Non current assets</b>										
Long-term receivables	3									
Investments										
Investment property										
Investment in Associate										
Property, plant and equipment	1			13 815	12 652	12 652	15 517	16 832	16 940	17 067
Agricultural										
Biological										
Intangible				379	162	425	425	340	255	170
Other non-current assets										
<b>Total non current assets</b>		–	–	14 194	12 814	13 077	15 942	17 172	17 195	17 238
<b>TOTAL ASSETS</b>		–	–	22 599	17 464	17 727	20 591	21 070	21 288	21 535
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft										
Borrowing										
Consumer deposits										
Trade and other payables				4 438	2 022	2 022	593	2 133	2 239	2 351
Provisions	3									
<b>Total current liabilities</b>		–	–	4 438	2 022	2 022	593	2 133	2 239	2 351
<b>Non current liabilities</b>										
Borrowing										
Provisions	3									
<b>Total non current liabilities</b>		–	–	–	–	–	–	–	–	–
<b>TOTAL LIABILITIES</b>		–	–	4 438	2 022	2 022	593	2 133	2 239	2 351
<b>NET ASSETS</b>	2	–	–	18 161	15 442	15 705	19 998	18 938	19 048	19 184
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)				18 160	5 597	15 704	19 997	18 937	19 047	19 183
Reserves										
Share capital				1	1	1	1	1	1	1
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	–	–	18 161	5 598	15 705	19 998	18 938	19 048	19 184

Uthungulu Fresh Produce Market - Table D5 Budgeted Cash Flow

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			Medium Term Revenue and Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>										
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates										
Service charges										
Other revenue				17 271	27 587	27 587	23 588	27 415	27 910	29 026
Government - operating				10 072	5 000	5 000	5 000	4 000	3 000	3 000
Government - capital				5 264				-	-	-
Interest										
Dividends										
<b>Payments</b>	2									
Suppliers and employees				(30 375)	(28 690)	(28 690)	(27 706)	(29 649)	(30 402)	(31 493)
Finance charges								-	-	-
Dividends paid					(300)	(300)		-	-	-
Transfers and Grants										
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		-	-	2 231	3 597	3 597	882	1 766	508	533
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE										
Decrease (increase) in non-current debtors										
Decrease (increase) other non-current receivables										
Decrease (increase) in non-current investments										
<b>Payments</b>										
Capital assets				(1 353)	(300)	(300)	(300)	(1 316)	(108)	(128)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		-	-	(1 353)	(300)	(300)	(300)	(1 316)	(108)	(128)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits										
<b>Payments</b>										
Repayment of borrowing										
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		-	-	-	-	-	-	-	-	-
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	1	-	-	879	3 297	3 297	582	450	400	405
Cash/cash equivalents at the year begin:	2			-		-	-	582	1 032	1 432
Cash/cash equivalents at the year end:	2	-	-	879	3 297	3 297	582	1 032	1 432	1 837

## 2.13 Annual Budget Tables – Consolidated Budget

**2.14 Municipal Manager's quality certificate**

I ....., municipal manager of King Cetshwayo District, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name \_\_\_\_\_

Municipal Manager of King Cetshwayo District (DC28)

Signature \_\_\_\_\_

Date \_\_\_\_\_

